

Junior
BUSINESS
TRAINING
for
ECONOMIC
LIVING ..




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Junior Business Training FOR ECONOMIC LIVING



Bushnell from Nesmith

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AMERICAN BOOK COMPANY

New York

Cincinnati

Chicago

Boston

Atlanta

Dallas

San Francisco

IN CANADA FROM

W. J. GAGE & COMPANY LIMITED

TORONTO

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PREFACE

This course provides a rich background of economic education such as should precede any type of vocational training. But what is even more important, it is intended to lay a firm foundation for the achievement of that much-desired "economic security" about which all thoughtful people are greatly concerned.

When large numbers of junior clerical jobs were open to boys and girls 14 to 16 years of age, it seemed necessary to include vocational preparation as a part of their early education. Now that such young people are not wanted in offices and stores, it is desirable to postpone the development of occupational skills until later. By so doing, vocational training of the upper high-school years can be made more effective; background education which should precede it can be given; more tryout experiences to reveal aptitudes, interests, and abilities can be provided for; such elemental skills as ability to write well and compute accurately can be developed; a better understanding of occupational requirements can be assured; and the chance of mistake in the choice of an occupation for which to prepare can be greatly reduced. Thus, while not definitely vocational, this course may well be regarded as the first step in commercial education for those who choose a business career. It is equally valuable for those who still are undecided as to what should be their vocational choice, as it affords them certain elemental, tryout experiences in handling business transactions, and helps them appraise themselves as potential workers in the field of commerce.

While thus serving the two groups above — those who definitely have decided to go into business and those who still are considering the matter — this course is of vital importance to all of these boys and girls, and all other boys and girls, as preparation for the necessary and difficult handling of their own personal business transactions now, and later on when these transactions become more complicated. It is said that a large proportion of our people — as high as 80% — are dependent upon others from age 65 on. If young people wish to attain reasonable economic security for their later years, they must learn how to earn, spend, give, and save wisely, and develop the habit of living in accordance with sound economic principles. These principles are not difficult to understand, learn, or practice if one really wants to master them. There is a lot of satis-

faction in knowing how to handle one's personal business affairs and thus get the most out of one's resources, however limited they may be.

Sound economic living requires that people shall (1) acquire certain facts about economic matters; (2) develop clear points of view regarding the relationship which should exist between the producer and the consumer; (3) adopt proper attitudes toward economic problems; (4) acquire such simple skills as are involved in handling common everyday business transactions; (5) sharpen the tools of arithmetic and writing which must be used constantly in dealing with economic matters; (6) become fully aware of their obligations and rights in the somewhat complicated economic environment in which they live; (7) and, in short, become keenly interested in their economic life and determined so to order it as to get the most out of it for themselves, for others dependent on them in whole or in part, and for the many social groups of which they are members.

While not wholly adequate to the certain achievement of all these essentials of economic living, this course does very definitely assure a substantial beginning in this direction, a lively interest in this aspect of life which, it is hoped, will carry over into later high-school and post-high-school experiences, and enough sound economic concepts and habits to justify it, not only for commercial pupils, but for all boys and girls at some point in the early secondary-school program.

With the above primary aims of the course in mind the instructional materials included have been selected and organized for teaching purposes. There are factual data to be studied; problems for discussion; challenging questions to be answered; statements about which to form opinions; situations for the development of right attitudes; matters to be investigated; things to be observed; topics to be reported upon; business contacts to be made; economic services to be rendered to the home, school, and other social groups; sources of economic information to be consulted; required habit-forming practice; many things to be done (filing, recording, banking, remitting, shipping, inventorying, billing, paying, receipting, buying, appraising, communicating, etc., etc.) to insure essential personal business skills; words of economic import to be added to vocabularies; pictures and illustrations to be studied; self-rating personality schedules to be developed and used; good penmanship to be emulated; choices of possible good procedures to be made; preliminary vocational planning to be considered; remedial arithmetic to be used as needed; and hundreds of arithmetical economic problems to insure the essential habit of thinking about financial matters in relative terms.

The importance of the last item above merits a special word. It is vitally important that people learn to think about the cost of things relatively instead

of quantitatively. For example, John needs a notebook cover. He is offered one at 10 cents and another at 15 cents. Either will do. He takes the latter, saying, "It costs only a nickel more than the other," without realizing that it costs 50% more than the other and, therefore, must be that much better if its purchase is justifiable. He also fails to realize that if he habitually buys things which seem only a little more expensive, but which actually cost 50% more than he needs to spend, he will deprive himself of many things he will want badly, and perhaps some that he actually will need.

As the culmination of practically every unit of instruction many such arithmetical economic problems are made available to insure, as far as it is possible to do so, correct ways of thinking about the personal business transactions which must be handled daily by the average person.

Boys and girls should be able to see the purpose of each piece of work required of them, recognize the fact that the success of life activities in which they engage depends in some measure on how well they manage their personal business affairs, and grasp this opportunity to get off to a good start toward the ultimate goal of economic security now and in the years ahead.

As is usually the case, it is impossible to acknowledge all the assistance, direct and indirect, which has been received by the author in the preparation of this text. However, these acknowledgments are gratefully made:

Mr. Kelsey C. Atticks, Head of the Commercial Department, Brookline (Massachusetts) High School, wrote all of the script, collaborated in the development of the remedial arithmetic included, and otherwise assisted the author in many ways.

Mr. William Polishook, Dedham (Massachusetts) High School, rendered invaluable assistance by making suggestions from the viewpoint of the classroom teacher, reading proof, checking exercises and workbook, and verifying textual data.

Miss Grace I. Eyrick assisted in the preparation of a key for the Teacher's Manual and read portions of the proof.

While Dr. Harald G. Shields, Director of the Department of Business Education, Simmons College, and Miss Ann Brewington, University of Chicago, were not directly associated with the author in the preparation of the manuscript, both stimulated him to attempt a text on principles and practices in economic living by their persistent reiteration of the need for such training. They also made available to him rich sources of reference material through their comprehensive bibliographies on money and consumer education.

Miss Clare L. Sweeney, Simmons College, Boston, Massachusetts, is entitled to credit for the choice and arrangement of the rules for filing.

Mr. Willard E. Phippen, Treasurer and Director, Cambridge Trust Co., made valuable suggestions concerning the units on banking procedures.

Among the business firms that supplied information or pictures the following are entitled to special mention :

The Grinnell Co., Providence, R.I.; The Pennsylvania R.R. Co.; Union Pacific R.R. Co.; The New York Central R.R. Co.; The Pullman Co.; The Greyhound Lines; Rochester (N.Y.) Savings Bank; Bell Telephone Co.; Western Union Telegraph Co.; Liberty Mutual Insurance Co.; New England Mutual Life Insurance Company, Boston; Family Welfare Association of Milwaukee; Washington (D.C.) Council of Social Agencies.

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PART I

MEANING AND BENEFITS OF ECONOMIC LIVING

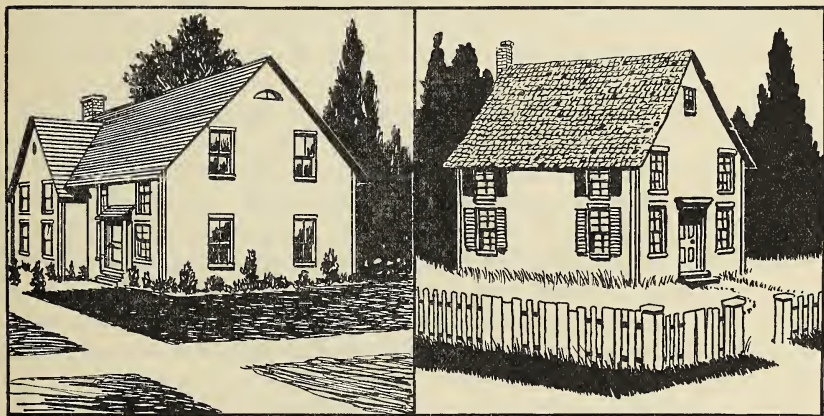


Philip D. Gendreau

Time to enjoy life is the right of all. Economic living helps to make this possible.

UNIT 1

MEANING OF ECONOMIC LIVING



A good home with pleasant surroundings is something every young person should look forward to. No greater incentive to economic living should be necessary. One of these homes probably is owned by a thrifty family. Can you tell which and explain why you think so?

Unsatisfied Wants. — Do you know people who do not seem to be able to buy things they need? Do some of these people earn good wages? Do they work regularly? What seems to be the cause of their lack of money when they need it? Suppose someone told you that it was because they had not been economical. Would you understand just what that means?

Did you ever want something that you lacked the money to buy — an article of clothing, a golf club, a tool, material to use in building something, or something to eat? Did you ever want to go to a game, or to a school play, or to a motion picture, but could not because of lack of money? Did you ever find your money gone much sooner than you had expected to spend it, long before more allowance or other income was due? Did you ever wish that you had not bought this or that article last week, because there is something you

want badly now? Is it often the case that we cannot have the things we want, not because our income is too small, but because we have not learned the true meaning of economic living and formed the habit of living economically? The aim of this course is to help you to understand the meaning of true economy in life's financial matters, and to give you an opportunity to begin the practice of economic living right now. At the outset it should be said that economic living does not necessarily mean going without things; it means having things we want and need, because we have planned our financial affairs so as to insure that we shall have the money for them when we most want them.

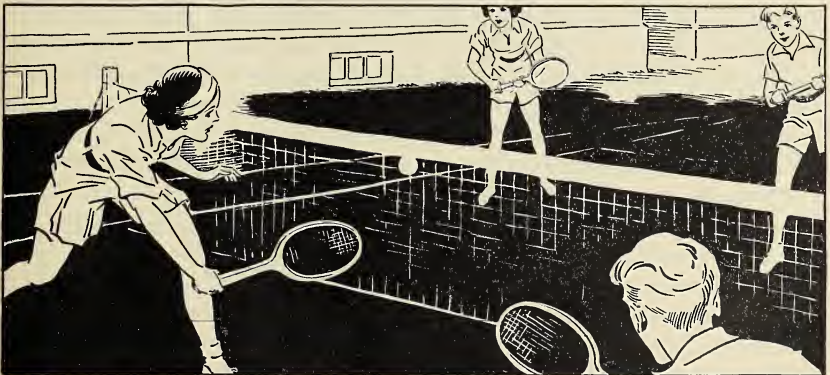
Almost Everything Costs Money. — Almost everyone earns and spends money. Even those who do not earn money acquire it in some manner and spend it in various ways. Those who do not acquire money by earning it, or in some other way, have money spent for them by some agency — the government, friend, or a charitable organization. Everyone must have food, clothing, and shelter. Those who cannot provide these things for themselves must be provided with them. All three of these things cost money which must be earned or secured in some way before it can be spent for the things needed.

It must be remembered that food, clothing, and shelter are, of course, not the only things which people need. Everyone should have recreation. Recreation, like almost everything else, costs money. Everyone should strive to achieve and preserve good health. While the means of achieving and maintaining good health may not cost very much, there is likely to be at least a small amount of cost which must be met. Everyone must look forward to a time when he will be able to earn less than he is able to earn at present. There is the likelihood that for most of us the time will come when what we are able to earn will not provide us with the things which we actually need, to say nothing of the many things which we desire, but which are not actually necessary. To insure comfortable living during the years when earnings are greatly decreased, it is necessary to save a certain amount of income during the years when earnings are comparatively large. So it may be said that people must take thought not only for what they need today, but also for what they will need in the future. They must consider how best they may insure for themselves the essentials of good living both in the present and in the future. In youth they must have thought for the needs of old age.

It will be noticed that the things referred to above can be had only through the expenditure of money. They all involve earning and spending; some of them involve saving as well. Taken all together, they may be considered as the items which, with a few others, must be considered in any discussion of what we call "economic living."

Other Economic Needs. — Food, clothing, shelter, health, and recreation are not the only things we need and for which we must plan. For example, most people must have some part in the organization and conduct of the government under which they live. In other words, they have civic duties to perform. In the performance of these duties they require certain knowledge and understanding of government and what it does for them. Then, too, many people take part in religious activities of one kind and another. For them, these religious experiences make up what we call their religious, moral, or ethical life. Practically all people are members of a social group; that is to say, they belong to a neighborhood group with whom, to a certain extent, they must co-operate. They probably belong to a larger community known as a town or a city. They will need to have some thought for the development of the best possible society in which to live. They will want to help their neighbors and be helped by their neighbors. They will want to live peacefully and pleasantly with others who share the benefits of the community in which they live.

Young people belong to certain play groups and will have to co-operate with others in these groups. There will be school organizations of one kind or another in which most young people during their school years will want to have a part. With others who belong to these organizations they must, of course, co-operate. To the expenses of such organizations they should contribute according to their ability to do so. All these activities involve some relationship with others in some sort of co-operative effort. They must all be considered in any plan for economic living.



In what ways does such play as is shown in this picture cost money? To play a good game of tennis, these boys and girls must do what? Mention three things. "All work and no play makes Jack a dull boy." What has this to do with economic living?

There probably are a number of other important aspects of a person's living experiences from day to day, but for purposes of this course it is necessary to include instruction concerning only what has been called "the economics of living." It will be seen, however, as the course advances that there are economic aspects to nearly all of the activities which are associated with good living. For example, there is a financial side to one's church or religious life. Contributions must be made. Dues are assessed against members by school organizations. Gifts have to be purchased for friends and relatives to whom we wish to show our affection. Taxes necessary to the support of the government which serves us must be paid. Responsibilities imposed upon us by citizenship in a community must be met. In other words, it will be seen that economic living is something that has a bearing on almost every activity in the life of every person.

Need for Economics. — The term *economics* is one which has been used to indicate a certain school subject quite frequently described as "a bread-and-butter science." Economics is something more than is indicated in this definition. It is not concerned merely with procuring the food, clothing, and shelter which everyone needs. It is concerned with all matters that have to do with the earning, spending, saving, and giving of money. From what already has been said, it should be clear that there is almost no activity in life in which one may engage without involving the use of money. Therefore, it is desirable that, as early as possible, young people shall come to understand exactly the part which money and other material things represented by money will play in their lives. Everyone should consider early and well those economic principles which underlie sound and permanently satisfactory economic living, so that he may not only secure to himself the benefits of a well-planned economic life, but also be able to play his full part in meeting the many responsibilities of life which require the use of money.

One Cause of Want. — In every community there are people who are without even the bare necessities of life. There are others who have the means of obtaining the necessities of life, but nothing more. There is a third group of people who seem to have more than is required to meet the actual needs of life, and who are able to enjoy many of the luxuries which most people desire. Such people often are able to do much for others less fortunate than themselves.

Poor people frequently are the victims of circumstances. In some cases poor health has kept them from living a full and satisfactory economic life. In other instances the loss of employment, or some other cause beyond their control, has operated to keep them from accumulating any surplus wealth. In still other cases there have been defects of character which have stood in the

way of achieving a worth-while standard of economic living. Some people apparently are financially lazy. They are too indolent to take care of the money they earn. A few people, for some reason, have become what is called *antisocial*. Such people prefer to steal from others rather than to serve others for a price. There are still a few people in the world who believe that the *world owes them a living* without their working for it. But when all these economically inefficient people are accounted for, the fact still remains that a great many people would have lived better lives from the standpoint of meeting life's needs if they had been properly instructed in the principles of economic living during their school days. Their ideas about economic matters frequently are wrong for want of proper education at the right time.

It is true that many people, of course, have learned from experience, to their sorrow, that failure to live sound economic lives leads to great unhappiness and personal discomfort. They have learned that it doesn't pay to spend more than one earns; that it doesn't pay to run into debt

The future does not worry him. It will be like the present, and he cares for nothing better. Is he thrifty? Do economic laws worry him? Why do you think he lives as he does? Is he a good citizen?



carelessly and thoughtlessly; that it doesn't pay to be dishonest in the acquisition of money or things; that it doesn't pay to be wasteful of the economic goods which they possess at any given time; and that it doesn't pay to take no thought for the days to come while spending too freely today. They have learned that one's earning power frequently grows less as one advances in age. They have learned that even if the world does owe them a living, it is a rather bad debtor and will not pay unless they earn the right to have what they think is due them. All these valuable lessons could have been learned through the study of economic living in early life. It is to afford a better understanding of these matters that this course is being given. And remember that what you learn in this course can be used right now and every day throughout your whole life. You need to know how to spend even a small income. Even if you have no money of your own, and that would be unusual, you need to know how to use economically things bought with money for your use.

We Are Not a Thrifty People. — We, as a people, are not considered thrifty as compared with the people of many foreign countries. We earn rather large incomes, but we spend less carefully than we should. We have not learned the important lesson that, in addition to earning money for our immediate needs, we should earn some for our future needs. Too many of us are not influenced

by the fact that those who spend all they earn in early life are quite sure to be in want, or dependent upon relatives or charity, in their later years.

It will be seen that it is not necessary to deny ourselves all the pleasure of the present in order that we may be assured what seem to be the more important satisfactions of the future. The miser, as will be shown in this course, gets his entire satisfaction out of hoarding money for no good purpose whatever. The pleasure which he gets is a poor substitute for the real pleasures of economic



What word might describe this person? Does the fact that he has money prove that he lives a sound economic life? Explain. His character is as hard as his money because it has not been developed by using and sharing what he has.

living. Perhaps there is no person whose mode of living is farther removed from what we are calling "economic living." More will be said about this matter later, but for the present it is enough to indicate that economic living, while it does mean a certain amount of self-sacrifice, does not mean the foregoing of all pleasures and comforts in the present to make sure that comforts and pleasures and satisfactions may be had in the future. It means that we shall have a sense of security which is much prized by elderly people and younger ones as well. When income is small, but not too small, we shall be able to make it meet our needs. When larger income is earned, we still shall live according to sound economic laws. Economic living is not dependent on the size of one's income; it is dependent on nothing save the will to get the most out of one's

resources. It may be one way of attaining wealth, but that is not its chief importance in the lives of most people. Its principal claim to attention rests on what it can do to help people become self-supporting, independent citizens who ask nothing better than an opportunity to make their own way.

Economic living means a well-balanced mode of living in which people are economically self-sufficient; in other words, are able so to control their earning, spending, saving, and giving as to insure that at no time during their lives, unless some unforeseen economic catastrophe occurs, will they be dependent on others for the things they need.

Economic living also insures that those who practice it will have reasonable assurance of the things they actually need from day to day during their entire

lives, and will be able to enjoy many things which cannot be included in any list of actual necessities. They will have books, be able to go to good plays, to travel, to buy objects of art which may interest them, to help those who are less fortunate than they, and in short, be able to enjoy life on a much higher economic plane than would be possible if they had not early planned to live in accordance with sound principles of economic living.

TOOLS OF ECONOMIC LIVING

In a course of the kind that you are just beginning there is much writing and figuring to do. You will become familiar with certain aids to economic living. Among these aids are certain records to be kept, certain business papers to be written, and a good many computations to be made to insure accuracy in your personal business transactions.

Writing records, papers, and reports requires time, and time for this purpose is limited because there are so many things to learn and so many important things to think about. Surely time should not be wasted in written work. If it is not to be wasted, you must write legibly and rapidly.

Since the study of economic principles and practices requires the use of many arithmetical calculations, it is desirable that some attention be given to figure work in a course of this kind. Nothing will contribute more to wasteful living than mistakes in computations in the ordinary personal business transactions in which we engage from day to day. Furthermore, if it is not to take too much time to do the figuring which must be done, it is necessary that we develop not only an understanding of the arithmetical principles required for the figuring we have to do but that we also develop a certain amount of facility or speed in handling these simple business calculations.

Near the end of this course in Part XI, or elsewhere as your teacher may direct, you will find the help you may need in your attempts to improve your ability to figure accurately and quickly. Throughout the course all the instructions given in writing and calculations may be regarded as *remedial*; that is, the kind and amount necessary to enable you to do the figure work and writing required in this course and in similar activities in life during and after the course.

Helps in Business Writing. — If you write well at the outset, you will need little instruction and practice in writing. If you are good in arithmetic, you will need to give less attention to this part of the course. Your teacher is the best judge of your actual need, however, in these important matters. You should trust his judgment and do all prescribed work conscientiously. Remember that it is important not only to know how to do neat written work, but also to establish the habit of doing it.

Give special attention to the capital letters and small letters illustrated below, in word lists, and elsewhere. Note that different forms of most capital letters are used. Adopt the one which is nearest to the one you now use. Any one of them will be satisfactory.

A A B B B C C C D D E E
 F F F F G G H H H I I I
 J K K K L L M M M N N O
 P P Q R R S S T T T U U V V
 W W X Y Y Z & & Co. & Co.
 a b c d e f g h i j k l m n
 o p p q r r s t u v w x y z

In the circus parade, I saw
 queer foxes, monkeys, zebras and
 vultures from the jungle. My
 ticket #4895730 cost \$1.25.

Good capital and small letter forms.

Practice both the capital letters and the small letters as much as is necessary, having in mind the quality of your penmanship at the present time.

The improvement of one's ability to write well takes time, but time spent in necessary practice for the achievement of this result will be saved in the end, as it will shorten the time required for all written work.



Philip Gendreau

Half the battle for good writing is won when you

- 1 Sit properly at the table or desk
- 2 Hold your pen or pencil properly
- 3 Have your paper in the right position.

Study the picture and then explain the proper sitting position, tell how the pen should be held, and indicate how the paper should be placed.

Arithmetic Is a Valuable Tool. — In almost every personal business (economic) transaction figures are used. That is why arithmetic is called a *tool subject*. The various principles explained in Part XI of this text will help you to understand how to use this tool. We do more figuring without pen or pencil than we do on paper, unless we are employed in work requiring much written figure work. Here are some examples of what is meant by this statement.

1. You hand the bus driver a dollar to pay your fare and that of your friend. You add 10¢ and 10¢ together and subtract the sum from \$1 to make sure you get the right change. You use arithmetic.

2. A neighbor asks you how much he owes you for the work you did for him yesterday. You answer: "I worked $3\frac{1}{2}$ hours at 25¢ an hour; that is 87½¢, or 88¢." He hands you a \$2 bill. You count out two pennies, a dime, and two fifty-cent pieces and give it to him as change. You use arithmetic.

3. You inquire of a storekeeper what he is asking for a bicycle you want. He answers that it is \$18. You think about the \$10 you have in the bank, that \$4.50 you have in your room at home, the \$2 your father owes you, and the \$1.50 you can spare from your allowance next week. You tell the merchant that you can buy the bicycle a week from Saturday. Not a figure has been put down, but you have used arithmetic.

4. A friend asks you what time he can see you at your home after school. You know that school is dismissed at 2 P.M.; that you have fifteen minutes' work to do after school; and that it takes you twenty minutes to walk home. "Come over at twenty-five minutes to three," you reply. You used arithmetic.

Practice in Figure Work Needed. — So you see how important figures are in your daily life. Practice is needed to enable you to use figures easily and accurately in your thinking about common, everyday matters. But that is not the only reason why figure work is an important element of our economic education. A great many things that we want to know about can be understood only through the use of figures.

Which is the cheaper means of transportation to use in going to school, a bus or a bicycle? How large an allowance will meet my needs? How fast will money increase when it is saved and invested? How are taxes assessed? How is the church that I attend supported? Is it better to go to school more years or to go to work if work can be found? How much profit was made by a school play?

Many of the important economic facts this course is intended to teach can be taught best through arithmetical calculations. For this reason, and to develop facility in the use of figures, economic problems are included at the end of each unit of instruction to help you understand the facts and principles discussed in that particular unit.

You should be able to solve these problems, as they require the use of no principles of arithmetic that you have not studied. But if you have to do a problem which you do not know how to solve, you will find the help you need in Part XI of this book, or elsewhere as your teacher may suggest. Use this help as your teacher may direct.

By the time you complete this course you should be able to use figures with ease and accuracy in your everyday business transactions. Few achievements will help you more in your effort so to handle your personal business affairs all through life as to keep out of the ranks of those who are dependent upon others.

Figure Sense and Ability to Figure. — *Figure sense* and *ability to figure* both are essential to economic living. What is the difference between these two things?

John and Walter work for the same company. They are notified that their hourly wage has been increased from 75¢ to 90¢.

John only subtracts 75¢ from 90¢ to know that he has had a raise of 15¢ an hour. He has the *ability to figure* such a problem.

Walter does the same thing and gets the same result, but he mentally notes that 15¢ is 20% of 75¢, that he has had a 20% raise for a 30% increase in his daily production, that his weekly pay check will be \$6 more each week, and that this \$6 still leaves him with an income too small for his family's need. He has not only *ability to figure*, but he has also *figure sense*; he sees the relationship between figures.

Form Good Habits. — Ask yourself the question: Have I formed correct habits in writing and figuring? If the answer is no, you should resolve to start right now to form these habits. Remember that good writing makes for economy of paper and time in this work, and that is a good way to make a beginning in sound economic living. Besides, there is a real satisfaction in turning out a fine piece of written work. Take pride in all you do. Do your best at all times. Earn a reputation for accuracy in your figure work. Learn to do this work in the right way. Practice doing it until you can trust yourself to get the right answer in any simple everyday business calculation.

1

What is wrong?

If you have studied the preceding paragraphs carefully, you should be able to point out defects in the following statements. Study each one and be able to tell if anything is wrong with it.

1. People who earn good wages always have the money for the things they need.
2. Small incomes always lead to want.
3. Economic living is not easy because it requires one to go without most of the things one wants.
4. Some people spend money before it is earned by themselves or anyone else.
5. If people have food, clothing, and shelter, they do not need to be concerned about other things.
6. As we grow older, earnings increase.
7. Money is valuable for its own sake.
8. People in the United States are more thrifty than other people because they have a higher standard of living than do most people of foreign countries.
9. The world owes me a living; why should I work?

2

Do you know

1. Why people with good incomes may be in need?
2. Why economics is called the "bread-and-butter science"?
3. Why most people are desirous of earning money?
4. Why so many people are dependent upon others in later life?
5. Why not more than 20% of our people have any financial resources other than their daily earnings?
6. Why almost every activity of life requires the use of money in some form?
7. Why some people frown on the idea of spending time studying about money and the principles which should govern its use?

3

Can you

1. Tell in your own words just what you understand by the term "economic living"?
2. Explain how your ideas of economic living may have been changed by what you have read in this first reading assignment?

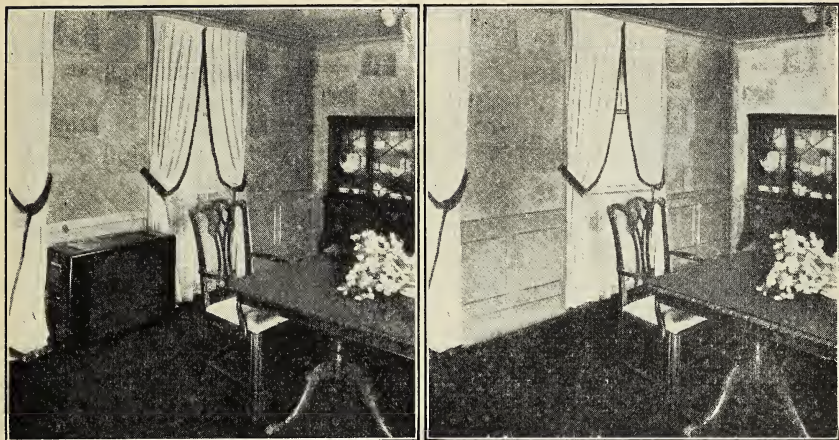
4

Write out five questions that have to do with the meaning of economic living. Include questions which you would like to have discussed further in class.

5

Use each of these words correctly in a sentence that has something to do with economic living. Be sure you learn the spelling of each one if you do not know it already. Use the dictionary if necessary. Occasionally a word in these word lists is a derivative of one used in the preceding text; occasionally there is one which is a root word of one appearing in the text. Most often words in the lists will be found in exactly the same form as in the preceding part of the unit.

- | | | |
|----------------------|------------------------|------------------------|
| 1. <i>acquire</i> | 7. <i>earn</i> | 13. <i>income</i> |
| 2. <i>benefits</i> | 8. <i>economical</i> | 14. <i>inefficient</i> |
| 3. <i>bought</i> | 9. <i>essentials</i> | 15. <i>necessities</i> |
| 4. <i>buy</i> | 10. <i>expenditure</i> | 16. <i>need</i> |
| 5. <i>co-operate</i> | 11. <i>expenses</i> | 17. <i>wasteful</i> |
| 6. <i>cost</i> | 12. <i>financial</i> | |



Courtesy Westinghouse

That little cabinet in the room at the left makes that room cool and comfortable.

6

Is anything really free of cost?

1. "As free as air." What does this mean? Is air always free? Does pure air cost something in the home? Compare city homes with country homes. What about "smoke ordinances"?

2. "Air conditioning." What does this mean? Does it cost money? Find out all you can about it and its cost.

3. If an air-conditioning device costs \$500 for a home, and will last ten years, how much will it cost a year if

(a) annual repairs are \$8, and if

(b) the owner obtains an allowance of \$100 for it in exchange for a new one?

4. If interest on the money invested in this air-conditioning device is 6%, how much does this add to its cost for the ten years?

5. In the light of the above facts, is fresh air in homes always free? Why should anyone spend money for pure, moist air in his home? Should everyone purchase such a device? Explain.

6. Water seems to be plentiful. Is it free for drinking and other purposes in the city or village home? Think carefully about this matter. Do not overlook plumbing costs.

7. Find out all you can about water rates if you live in a city or incorporated village. How is city water paid for? Can one save money in connection with this item?

8. Suppose a thoughtless boy, just for fun, turns a neighbor's outside faucet and leaves it running. It is not discovered for five hours. See if you can find how much this "fun" costs the neighbor.



Expensive "fun" which someone pays for.

9. How does well water cost money in the country? Cistern water? Spring water? Which of these probably costs the least? Explain.

If water and air are not entirely free, it should be clear that *nothing else is free*.

10. According to tests made by a city water department it is estimated that a stream of water $\frac{1}{64}$ of an inch in diameter will cost \$1.18 if permitted to run a quarter of a year. A $\frac{1}{32}$ -inch stream will cost \$8.31; a $\frac{1}{16}$ -inch stream, \$19.00; a $\frac{1}{8}$ -inch stream, \$79.59; a $\frac{1}{4}$ -inch stream, \$225.72; and a $\frac{1}{2}$ -inch stream (a full stream for a $\frac{1}{2}$ -inch pipe), \$712.80.

- (a) What are the causes of water leaks?
- (b) Do you know of any in your home?
- (c) If a defective faucet in your home runs a steady $\frac{1}{16}$ -inch stream of wasted water, how much will this add to your normal water bill in a year?
- (d) How much will it cost if you leave a $\frac{1}{2}$ -inch garden hose running full force 24 hours?

(e) Does it pay to stop water leaks? Why?

(f) Who pays the water bills in your home? Should it make any difference in the care with which you use water if a landlord pays the water bill? Why?

11. A student spends thirty minutes writing an English lesson. The teacher, upon examination of the work, discovered that the writing was illegible. She asked the student to copy the paper. It required half as much time to rewrite the lesson as it did to write it the first time.

- (a) How much time was wasted?
- (b) If the student had to copy three lessons each day for five days, how much time was wasted?
- (c) Could this time have been saved? How?
- (d) Does it take more time to write legibly? Explain.

UNIT 2

WHEN ECONOMIC LIVING SHOULD BEGIN



Economic living may be practiced in early life. What does each picture show about economic living?

Early Beginning Best. — The beginning of economic life for us as individuals really dates back to the time when we first became old enough to understand the nature of economic living even in its simplest form. The very small child who can neither think nor talk is of course without proper understanding for the exercise of even the simplest principles of economic living. However, at a very early age, children reach a point where they have much to do with the economic life of the family of which they are a part. As soon as a child is old enough to appreciate the fact that the clothing he wears, the house which shelters him, and the food he eats cost his parents money for which they have to work, so soon does the child reach a point where he should be taught, in a very simple way, the essentials of economic living.

Care of Things We Make. — It is not likely that people are born with economic tendencies, that is, the tendency to save. The baby with its first rattle undoubtedly is too young to understand the fact that it costs money, that to replace it will cost more money, and that its destruction will result in loss. On the other hand, children very early should be made aware of the fact that the toys which are given them for their pleasure represent hard-earned money in most cases, and that they should be treated with respect and care. It is a matter of common knowledge that children usually think more of, and take better care of, toys which they themselves make than they do of toys which are pro-

vided for them at considerable expense. This may or may not be due to the fact that they appreciate more fully the trouble which is involved in making the homemade toys than they do the trouble, expense, and sacrifice which often are required on the part of parents for the purchase of expensive toys made by someone else.

Care of Things We Buy. — Young people in school are likely to take a little better care of books furnished them by their parents than they are of books furnished them by the city. In the latter case, the sacrifice involved in the purchase of these books is a little too far removed from them to influence them in the matter of the care of these same books. It is easier to appreciate the fact that money spent for books by one's father had to be earned, and that hard labor perhaps was involved in this earning process. Undoubtedly, boys who work and earn their own books have a still greater interest in the care and preservation of these books. This is particularly true if it is realized at the outset by these pupils that secondhand books are in demand and that, therefore, they are likely to realize something from the sale of their books when they have finished with them. They will take better care of these books if they realize also that the price they get will be determined by the condition of their books when the time comes to sell them. They also must be made to understand that the condition of these books will be determined by the care which they receive. Sound economic living on the part of pupils who have earned the money for their own books requires that these books be used with great care, and that they be preserved as nearly as possible in their original condition, so that their resale value may be as large as possible. But real economic living requires that books furnished by parents or by the school board shall receive the same good care.

When We Have Money of Our Own. — If it is difficult to see how the need for real economic living begins in our individual lives while we are still very young children, it may not be difficult to understand that at the moment when we as individuals first have money of our own, we enter upon a phase of life which demands attention to what in this course is being called economic living. It does not matter where this money comes from. It may be earned; it may be in the form of an allowance from parents; or it may be the result of a gift. The thing that is important is that since this money now belongs to us as individuals, we are responsible for its expenditure. We may spend it at once on the first thing that happens to be offered us. Or, we may distribute its expenditure over a reasonable period of time, thus assuring that it will not be completely spent on some immediate satisfaction, leaving us without the means of satisfying later desires which are sure to come from day to day.

Money Easily Acquired Is Easily Spent. — There is an old saying, “Come easy, go easy,” which illustrates the fact that money easily acquired is likely to be too easily spent. It should be added, however, that a great many people undoubtedly become reckless spenders because their attention has never been properly called to economic living. In other words, they have never considered the matter of their economic lives as a whole. They have considered only economic matters of the present to the neglect of equally or more important economic matters of the immediate and distant future.

Satisfaction always is derived from making a plan and then carrying it out. Some people get pleasure from planning a flower garden and then putting their plan into effect. Others take pleasure in planning a trip by automobile and then carrying out their idea. Still others have equal satisfaction in planning a party, or some other social event, and seeing their project in successful operation. All through life it will be found that satisfactions obtained from making plans and carrying them out are among the most real pleasures of life. This is especially true when plans involve others and have for their purpose some very worthy objective. Those who have lived sound economic lives testify to the fact that there is great satisfaction in working out a detailed plan for economic living and then putting this scheme into effective operation.

Habit of Economic Living Necessary. — But it must be remembered that plans for economic living must be begun very early in one's life if they are to be an important influence in the direction of economic living throughout life. This is because we are creatures of *habit*. We do things a few times and form the habit of doing them. Then we continue to do these same things without much thought as to whether or not it is wise to do them, just because they are habits.

If we early form the habit of spending everything we get and saving nothing for the future, it will be exceedingly difficult for us in later life to establish sound economic living habits. If we early learn to save something for future use, it should be easier to handle our money properly in later life. If we are selfish in early life and form the habit of keeping everything in the form of money and wealth which we acquire, we are likely to continue to the point where we become real misers. If we early learn to look upon money as a means to desirable ends, it should be easier for us to handle our financial affairs in later life so as to achieve desirable ends. If we early form destructive habits with respect to the things we own, we are likely to go on through life, failing to get out of the things we possess all the value we should. If we early learn to be careful in the use of what we own, it will be easier in later life to make the most of what we have. If we early form the habit of wanting something new to replace what we have, long before it has outlived its usefulness, we are quite likely to go on through life

discarding things prematurely and buying things to replace them at a cost which we cannot afford. If we early refuse to replace useful things before they are worn out, it will be easier later to resist the temptation to buy things we do not need just because they are in style.

If we early form the habit of giving away things which we need ourselves, when we cannot afford to replace them with other things, we probably shall go



Explain how yearly models of automobiles tend to prevent economic living.

on through life violating one of the principles of economic living by being too generous with the things we have. If we early learn to give wisely, it should be easy to continue to do so. If as young people we acquire the habit of buying things we *want* rather than things we *need*, or should have, we shall probably go on through life allowing our desires to overcome our reason in matters of economic living. Thus it should be seen that *habit formation* in matters of economic living is most important and that we cannot begin too early to form good economic habits.

Economic Living Helpful in Character Development.—If we start out in life by being selfish with the things we possess, we are likely to go on through life wearing the true label of selfishness. This never contributes to economic living, because economic living does not depend upon our own individual and personal well-being alone for its justification. It depends quite as much upon the need for the development of strong character, which scarcely can be acquired without due consideration for the rights and needs of

others. It may be stated that it is believed by some that sound economic living may contribute more than almost any other factor to the development of sound character.

A moment's thought will show you that many of the earmarks of poor character have their origin in economic matters. For example, dishonest people usually are revealed through their economic dealings. They cheat when they buy; they cheat when they sell. Criminals ply their trade largely in the interest of their economic lives. In other words, they steal to get the things they



What economic lessons can you learn from these pictures? There is more in each one than at first appears.

need and want. They do not steal just for the satisfaction which they get out of stealing. Men who forge the names of other people do so not merely for the pleasure of writing the names of other people, but to acquire the economic means to gratify their own desires. In other words, they want money, but do not want to work for it. People who are inherently lazy and will not work are quite likely to resort to means other than work for obtaining the economic things which they need. Even some businessmen, who frequently are accused of unfair practices toward their employees and of dishonest methods in their business dealings, too often are the victims of greed with respect to the possession of economic goods. They want money and the things that money can buy.

The sad part of all this is that too frequently young people do not realize the effect of false economic living on the development of their characters. It is undoubtedly just as true that failure to understand our economic life often destroys character, as it is that lack of character leads to practices which are contrary to sound economic living. People of bad character steal to supply their economic wants, but often people of otherwise fairly good character begin to destroy it by stealing small amounts to acquire things beyond their means, and thus eventually undermine their character and continue with crimes of greater importance.

Principles of Economic Living Same for All. — From what has been said, it should be plain that it is most essential for young people to begin relatively early to consider economic matters of importance in their early years, and of increasing importance in their later years, if they would form correct ideas concerning economic living and its effect on their character and on their happiness throughout their lives. There is nothing difficult about this matter of economic living, as will be seen. What may be economic living for one person, may not be economic living for another. However, the principles which apply in determining whether or not certain conduct with respect to financial matters can be con-

sidered economic living in the case of one person will be exactly the same principles which are useful in determining whether or not another person is living a sound economic life. During the depression which began in 1929, it was found that even very wealthy people had to revise their ways of living to make them conform to the requirements of economic living. They had to spend less because their incomes were less. It takes more wastefulness on the part of a millionaire to place him in a position of want than it does in the case of a person of moderate means, but wastefulness in either case usually leads to the same end.

7

What is wrong?

Is anything wrong in any of these statements? Read them carefully. Do not guess that something is wrong with each one.

1. I don't earn my own money and therefore don't need to be concerned about economic living yet.

2. For all people the need for some understanding of economic matters begins as soon as they can understand such matters.

3. The things we acquire for ourselves usually mean more to us than do those which are given us.

4. If something we have bought lasts as long as we need it, we need not worry about its condition when we have finished with it.

5. It is just as easy to teach the children of wealthy parents the principles of economic living as it is to teach these principles to the children of poor parents.

6. It is natural for people to plan ahead, and most people do plan and carry out their project for economic living.

7. Early economic habits are easily overcome if they prove to be wrong; therefore, there is no need to worry about them.

8

Character or reputation?

1. Distinguish between one's reputation and one's character. Use the dictionary if necessary.

2. A dishonest businessman lacks real character. What may uneconomic living have had to do with the development of his poor character?

3. A miser lacks strength of character. Have his ways of living had anything to do with this matter?

4. Explain what this means: "As the twig is bent, so shall the tree be inclined." What does it have to do with economic living?

9

Make a list of personal traits which indicate weakness of character. Stinginess, for example, is evidence of poor character. Stinginess may have its beginning in a wrong attitude toward money—uneconomic living. How many more such traits seem to have something to do with uneconomic living?

10

Can you tell what personal economic living has to do with

1. The Church?
2. The Red Cross organization?
3. Boy Scouts and Girl Scouts?
4. The community in which you live?
5. The school which you attend?

11

1. *Tell in your own words* why you should resolve to begin living an economic life now if you have not already done so. Give as many reasons as you can for adopting what may be called the “economic way of life.”

2. *List some of the pitfalls* in the way of economic living for most people; for example, the desire to have something new because what we have is out of date.

3. *Explain* what is meant by the expression, which no doubt you have heard, “Keeping up with the Joneses.” What has this to do with economic living?

12

Use each of the following words in a sentence which expresses some thought that has to do with economic living. Be sure you can spell each word correctly.

- | | | |
|--------------------------|---------------------------|-----------------------------|
| 1. <i>afford</i> | 8. <i>hard-earned</i> | 15. <i>resale value</i> |
| 2. <i>allowance</i> | 9. <i>hard labor</i> | 16. <i>sacrifice</i> |
| 3. <i>character</i> | 10. <i>homemade</i> | 17. <i>satisfaction</i> |
| 4. <i>distant future</i> | 11. <i>millionaire</i> | 18. <i>steal</i> |
| 5. <i>easily spent</i> | 12. <i>moderate means</i> | 19. <i>usefulness</i> |
| 6. <i>gift</i> | 13. <i>preservation</i> | 20. <i>worthy objective</i> |
| 7. <i>habit</i> | 14. <i>purchase</i> | |

13

1. When John entered the high school these textbooks were bought for him :

1. English	\$1.45
2. History	1.60
3. Junior Business Training	1.47
4. General Science	1.54

(a) How much did his books cost?

(b) Suppose he takes little care of them and at the end of the year sells them for the following prices: English \$.50; History \$.70; Junior Business Training \$.45; and General Science \$.50. How much did his books really cost for the year?

(c) What per cent of the first cost did John get back?

(d) Suppose John had taken good care of his books — treated them economically or thriftily — and had sold them for these prices: English \$1.00; History \$1.05; Junior Business Training \$.95; and General Science \$.90. How much would John's books have cost him?

(e) By being economical in the use of his books how much might John save?

(f) What per cent of the whole cost of his books is this saving? Is that quite large? Does it pay to be economical of our property?

2. Suppose John's books were furnished by the school. Would the saving have been just as important to John? To anyone else? Think carefully about this question before answering.

3. It costs about \$.75 to have a book rebound. It is estimated that a book which has been carelessly handled will need rebinding after two years of use. It also is estimated that a book carefully handled will continue in use five years.

In a city where books are furnished :

(a) Who pays for rebinding books?

(b) A business training book carefully handled lasted five years. How much did it cost the city per year for the use of this book if it cost \$1.50?

(c) If this book was rebound at the end of each two years, and lasted five years, how much did it cost the city each year?

(d) What per cent more each year was the additional cost?

(e) If the city spent \$45,000 each year for books, and because of careless handling, the cost of books was increased 40%, how much was paid because of carelessness each year?

(f) Who pays for this? Are you affected? What can you do to help prevent this loss?

(g) Name some ways of avoiding damage to books.

4. Some dishonest people console themselves by saying: "I stole from the Blank Company; they are rich and can stand it." The Blank Company sells fountain pens for \$1.50. They cost \$1.20 each. The Company keeps twelve pens in stock. Two are stolen.

- (a) How much profit is made on the sale of each pen?
- (b) What per cent of the cost is the profit?
- (c) What per cent of the selling price is the profit?
- (d) If two pens are stolen, how much more will each pen have to sell for if the Blank Company is to make its usual profit?
- (e) Who pays for these stolen pens? Is this fair?

5. The Boy Scouts of a certain town offered their services free of charge in a campaign to eliminate tent caterpillars which had infested their neighborhood. The town officials offered the boys \$.02 for each tent caterpillar nest brought to an empty lot where they would be burned. The scoutmaster saw an excellent way for his poor boys to earn enough money for their registration. He presented the offer to them and they gladly accepted. Registration costs \$.50.

- (a) How many tent caterpillar nests were necessary to earn enough to pay for one registration?
- (b) Philip, a boy who could well afford to pay his fee, collected twenty-two tent caterpillar nests. How much money should he receive?
- (c) Johnny and Tim each got ten. They needed the money badly. Philip gave each boy half of his collection. How many did each have in all? How many more did each need to get to pay for his registration?
- (d) What do you think of Philip's act? Should he have given up his collection? Explain.

UNIT 3

SOCIAL BENEFITS OF ECONOMIC LIVING



Joseph E. Maddy

The school band very frequently is an important social group in a community.

Meaning of Social Benefits. — We have learned what is meant by economic living. It has been shown that it is desirable for boys and girls to understand the importance of economic living and to begin to practice it early in life. We next shall consider certain benefits of economic living. First, let us think of these benefits as they affect groups of people as a whole. Sometimes we call groups of people who work and live together, and have many interests in common, a *social group*. Often we speak of very large groups as *society*. We speak of benefits to all people in such a group as *social benefits* to distinguish them from individual or personal benefits.

Your Social Groups. — It must be remembered that every boy and girl is a member of a social group; in fact, each is a member of several social groups. For example, the class in which you are now enrolled is a social group. The school in which you are receiving your education is a social group. The student's

association of which you are a member is a social group. The athletic team of which you may be a member is a social group. Likewise, a debating club, an orchestra, a band, or a luncheon club is each a social group. The family to which you belong, consisting of mother and father and brothers and sisters, is another social group. The church which you attend is a social group. Perhaps you are a member of a family that takes part in an annual family reunion. This larger family organization also is a social group.

From what has been said in the preceding paragraph, it will be understood that any group of individuals who are thrown together in fairly regular association for some important purpose constitutes a social group. In later paragraphs, we shall consider the benefits of economic living to the individual person who lives in accordance with sound economic laws. We also shall consider the advantages to the family as a group which result from such living. At this point we are concerned with benefits of economic living to other social groups, to which, as individuals, we belong.

Basis of Group Economy. — It should be stated at the outset that the economic well-being of any group is not likely to be better than that of the individuals who make up that group. A group will not be more economical in the conduct of its affairs than are the individuals who constitute the group. In other words, if the members of an organization have extravagant ideas regarding the expenditure of their money, it is likely that their ideas will be passed on to the management of the group with the effect that those who are responsible for the group's business affairs will be extravagant or uneconomical in handling those affairs. If the officers who manage the affairs of any group are extravagant in the use of their own money, they are quite likely to be extravagant in the handling of the affairs of the group. If the members of a group, or the officers of a group, are miserly in their attitude toward economic matters, it is likely that this miserliness likewise will be repeated in the management of the group's business affairs. It is not likely that people who mismanage their own affairs will manage the affairs of others any more efficiently. Therefore, it should be plain that the place to begin in attempting to improve the economic situation for any group is with the individuals who make up the group. In fact, when we talk about economic living, we of course have in mind the individual boy or girl, man or woman, and not a group of people.

Now let us see what are some of the results of economic living, as those results are seen in the activities of groups to which individual boys and girls and men and women belong.

The School Group. — First, let us consider the school group; that is, the school as a whole. Membership in the school which you are attending is made

up of a large number of boys and girls of different backgrounds of economic life. Some come from families of considerable means, others from families of less wealth. Some already have learned sound economic principles in accordance with which they receive and use their money. Others, on the contrary, have had no financial training. A few may have had money to use as they see fit. Others have rather liberal allowances. Still others have been able to earn considerable sums of money with which to do as they like. For those who already have received sound economic training, the work in this course still will be helpful, because it will, it is hoped, strengthen their belief in the advantages of economic living. It should add to their knowledge of how best they may so plan their lives as to insure that they will continue to live in accordance with sound economic laws. Those who have not, for one reason or another, received adequate economic training with respect to their simple financial matters will be even more benefited by a course of study which has been organized to help them handle their economic affairs in the right way.

Later we shall study about thrift. We shall learn that those who are thrifty are more likely to be placed beyond want than are those who are not thrifty. It must be remembered that no matter how thrifty an individual may be, he yet may, through circumstances over which he has no control, be in a position of want at some time during his life. It is a matter of belief, however, that fewer thrifty people come to want than is the case among those who are not thrifty.

Money for Group Activities. — As a member of a school group, each boy and girl has certain expenses. Also each boy and girl has some responsibility for the success of various school enterprises in which money is used. There are school functions for which tickets are sold. The loyal student citizen will, as far as his economic living permits, support worthy school enterprises by the purchase of tickets. If there is a school paper, the loyal student will subscribe for this paper as far as his economic means permit. In other words, it is of the utmost importance that all boys and girls shall be in a position to support worthy school enterprises which call for the expenditure of small amounts of money from time to time. For most boys and girls, this means economic living. The amount of money which the average boy and girl has to spend is not large enough to permit extravagance and uneconomic living and still provide for such expenses as are a necessary part of school life.

Assume, for example, that all the boys and girls in your school are living uneconomically at the present moment; in other words, that they are spending freely and saving little, and not making wise choices as to the things for which they will spend money. In such a situation, it is more than likely that large numbers will not be able to subscribe for the school paper, or buy tickets for school

debates, school entertainments, and athletic events. In this case, since large numbers are not able to support these affairs, it is quite likely that they will not be able to survive. No right-thinking boy or girl would be glad to see worthy school enterprises pass out of the school's life. It should be easy to see, therefore, that economic living does have an important part to play in the existence of these school activities in which we are all more or less interested. This is but an illustration of the fact that economic living by boys and girls enables them to support worthy enterprises which are dependent upon their support for their very existence. This is true of adults, too.

Perhaps in your school there is a school savings bank. As will be learned later, such a bank is intended for those who have money to save. It can be run only when people have money to save. Generally speaking, people have money to save only when they are economical in the handling of their funds; in other words, when they live economic lives. Thus it will be seen that school savings banks cannot exist as a convenience for young people unless a good many have money to deposit. Economic living usually means money to save. Money to save makes it necessary that there shall be a safe place in which to put it. A savings bank is a group enterprise which depends for its success on the economic living of the group for which it is organized.

A School District Group. — We have been considering small social groups within the school organization and now shall consider the social group which makes possible the school that you boys and girls attend. It does not matter whether the group that supports the school is a school district, a township, or a city. The money which was used to build the school came from taxes which were paid by people who, for the most part, have lived economic lives. This is so because taxes, as we shall learn later, are collected from those who have property. People usually have property only when they have been careful enough of the money they earn, or receive otherwise, to be able to invest some of it in homes and other things which are useful to them, and which they enjoy over a long period of time. Taxpaying people usually are not the ones who spend all they earn as they earn it. They are forward-looking people who from day to day put aside a little of their earnings for future use when earnings may not be so plentiful. Thus it will be seen that no thrifty people, no taxes; no taxes, no school. If we believe that the school is a good thing in the community, not only for the boys and girls who attend it but for all who live in that community, we can believe that economic living on the part of people in general is something which we should learn much about, and which we should seek to practice in our own lives.

Not only is the school building itself the result of economic living on the part of individuals, but the school supplies which are furnished to boys and

girls so that they may be educated for better living, likewise are dependent on the thrifty living of those who pay taxes. Teachers who give the courses and otherwise assist in the education of boys and girls are paid out of tax funds

which are made possible by people who live economic lives at least in some degree. In fact, there is nothing used in connection with the whole school enterprise which is not the result of economic living on the part of some group of people.

Other Social Groups. — What is true of the school also is true of all other governmental enterprises. We all appreciate the protection of the police department. If we live in the city, it is the city police department. If we live outside the city, in most states it is the state police department, or state troopers, as they are called. The money which is used to pay for this protection, wherever it is given, comes from taxes collected from people whose economic lives have enabled them to acquire property. If this police protection is a good thing for us, and all of us believe it is, we should want to contribute our share toward providing it for the group as a whole.

Fire protection through city fire departments, town fire departments, or forest rangers is a good thing. Economic living makes this possible, too.

The state government and the federal government both represent larger groups of people. Both render services to the people. Both are supported by tax money. This tax money comes from people who live economic lives to some extent at least. More will be said about the services of these larger social groups later. Just now it is enough to know that they are dependent upon the economic living of the groups which they serve. If we



What special services of government are illustrated here? Who pays for each of them? What determines how many policemen and firemen must be employed? How can each individual help to reduce the cost of these services?

are going to be among those who pay substantial taxes and thus support this public service, we shall have to order our economic lives so as to acquire and hold property for our reasonable uses.

All Support Group Activities. — Of course it should be said that even those who own no property do contribute *indirectly* to the support of such public enterprises as have been mentioned. This is so because businessmen who own property and pay taxes usually consider these taxes as one of their expenses. In fixing the prices of goods or services which they sell to the public, they add something to repay them for the taxes which they have to pay. Thus those who buy goods or services are indirectly paying taxes. It must be remembered that economic living has to do not only with saving money but also with the spending of it. Wise spending is a part of economic living. Unwise spending is an interference with economic living. Before there can be any spending, there must be a certain amount of economic living to enable the spender to acquire the money with which he purchases the things he needs or wants. Hence, the person who does not contribute *directly* to the support of worth-while public enterprises through taxes, but does contribute *indirectly* through an increase in the cost of things he buys, must be thrifty and live in accordance with sound economic laws, since he can buy things only when he has the means to do so. Those who have no money to spend or save usually must be supported by others.

A community which is made up of people who, through economic living, have acquired homes, savings accounts, or other means of providing for the future, and who have money to spend for the things they need and want, is a far better community in which to live than is one in which a majority of people, through uneconomic living, are dependent upon charity, or upon relatives, or upon the social group as a whole.

Economic Living in a Depression. — During the depression years which began in 1929, those who through economic living had provided for the future were not so likely to be in want because of lack of employment or some other form of economic disturbance in their lives. It is true, of course, that some of the thrifty lost savings made possible by economic living through the failure of banks and other enterprises in which they had invested money. While there were many of these, they undoubtedly were the exceptions which proved the rule that economic living, which includes saving for the future, is the best safeguard against want in times of business depression. It should be stated also that the habit of economic living, which resulted in savings, even though those savings were lost, is likely to enable one to go through a business depression with unemployment and other unexpected hardships without being in need of as much help as is required for those who have not established the *habit of economic living*.

*City Housing Corporation*

Do these homes look like the homes of thrifty people? Why? Are they as likely to be neglected in hard times? Why? Could they represent the opposite of thrifty living? Explain.

The one who has lived economically during times of plenty is likely to be able to readjust his living to times of scarcity more readily than is one who at all times lives without regard for economic laws. The one who has lived economically has no extravagant habits to overcome. The one who has worked, and earned, and spent, and saved wisely is likely during the hardest times to secure such work as is available and thus continue to earn, though in much smaller amounts than can be earned in times of great business activity.

Unselfishness of Economic Living. — For the above reasons, and many others like them which could be mentioned, it should be clear that any social group, be it large or small, is greatly benefited by the fact that the members of the group live economic lives in the best sense of this term. Thus a person who decides that he will try to understand the laws which govern economic living and then try to put these laws into practice in his own life is not doing a selfish thing. He is not necessarily concerned with his own future well-being only; he is concerned equally with the well-being of the group or groups of which he is a member. It is never too early to begin to practice economic living. In fact, those who do not begin early find great difficulty in readjusting their adult lives so as to make them conform to the rules for economic living. We are all creatures of habit. During the time when we are forming bad habits, we are preventing the formation of good habits. Habits will be formed, either good or bad, in matters of economic living as well as in other matters connected with our lives. It will be a fine thing if all boys and girls can reach the conclusion that for the

sake of the social group, as well as for their own sake, they should live economic lives to the best of their ability. This is so because it is only by increasing the number of people who live their lives in accordance with economic laws that social betterment can go on. Whatever may be said to the contrary, the foundations of good government in all governmental units of society are the economic lives of the people who make up those units of government.

14

Duties and benefits

1. Explain in your own words what is meant by a "social group."
2. Make a list of the social groups of which you are a member. Start with the family group.
3. Make a list of the things you should do for each of the social groups named in 2 which require the use of money, or of time, or of some other thing which is important in true economic living.
4. Make a list of some of the benefits which you enjoy because of your membership in the following social groups:
(a) Your school (b) Your city or town (c) Your state

15

What do you think?

State whether or not you agree with the following statements and explain why you agree or disagree:

1. If the principal of a school handles the business or economic affairs of the school as he handles his own, school business will be taken care of properly.
2. If the members of a group are not practicing true economic living in their individual affairs, group affairs are likely to be uneconomically managed.
3. Most social groups are made up of people of both kinds — those who are living economic lives and those who are not.
4. Only those who have little or no property need to study about, and learn to practice, the laws of economic living.

16

What has personal economic living to do with

1. The school Students' Association?
2. The school paper?
3. The school orchestra?
4. The school football team?
5. The school bank?

17

Tell in your own words what economic living has to do with

1. The kind of school building in which you study.
2. The kind and quality of books in the school library.
3. The textbooks furnished for your use.
4. The playground or athletic field on which you play.
5. The school lunchroom which serves you.

Who pays taxes?

18

1. Can you show that almost everyone pays taxes in some form regardless of whether property is owned? Which are "direct" and which "indirect" taxes?
2. Will those who live true economic lives be likely to pay more of both kinds of taxes than will those who pay little attention to economic matters?

Decide

19

Which side of the question would you take in an argument as to whether or not people who had practiced economic living before 1929 were better off during the long business depression which began in that year, than were those who had been careless in their spending up to that year? Do not make your decision on the strength of only one, or even a few cases, about which you may have heard.

Does it?

20

It has been said that failure to live true economic lives may, and usually does, lead to selfishness. Why is economic living unselfish living?

21

Use each of the following words in a sentence which shows that you understand its meaning in an economic sense :

- | | |
|-------------------------------|------------------------------|
| 1. <i>business affairs</i> | 9. <i>savings bank</i> |
| 2. <i>business depression</i> | 10. <i>social betterment</i> |
| 3. <i>earnings</i> | 11. <i>social group</i> |
| 4. <i>future well-being</i> | 12. <i>sums of money</i> |
| 5. <i>government</i> | 13. <i>support</i> |
| 6. <i>indirect taxes</i> | 14. <i>taxes</i> |
| 7. <i>property</i> | 15. <i>thrifty</i> |
| 8. <i>protection</i> | 16. <i>unemployment</i> |

22

1. John's father earns a large income. He gives his son, who is in high school, an allowance of \$10 a month. Robert's father earns half as much as John's father and gives his son an allowance of \$5 a month. If other family expenses of John's father are twice as much as those of Robert's father, is Robert's allowance fair in comparison with John's?

2. In the high school attended by John and Robert annual dues for membership in the Students' Association are 75¢. What per cent of each boy's allowance is spent in this way? Is it quite true in an economic sense to say that John's contribution is just the same as Robert's?

3. Suppose John is careless in the use of money and wastes 50% of his allowance each month, while Robert is thrifty and wastes none. Which, if either, will find it easier to pay his association dues? Does a fairly large allowance always mean that a boy or girl will have money for school activities which should be supported?

4. John deposits \$1 a month in the school savings bank and Robert deposits 75¢ a month. Which really is more thrifty? How much more? How can you prove that one is more thrifty than the other if their necessary expenses are the same?

5. Mr. Walters owns and lives in a house valued for taxes at \$5,600. Mr. Smith rents a house valued at the same amount. Taxes in the place where these two men live are computed at the rate of \$28 a thousand dollars of valuation. How much tax does Mr. Walters pay? Does Mr. Smith pay any tax? If so, how much and in what way?

6. To support its athletic program, a high school asks all students to join the Athletic Association. The annual dues are 80¢.

(a) How much is collected from 1,060 students, if all join and pay?

(b) But only 80% pay their dues. How much is collected?

(c) In return for membership, boys and girls who are members of the Association can see games free of charge. Others have to pay 15¢ for each game. If there are eight games, how much does each member of the Association save if he attends them all? What per cent of the annual dues is saved?

(d) One side of the football field is open. Many boys and girls "sneak" in that way. It is estimated that as many as fifty boys and girls gain admission to each game that way. How much does the A. A. lose?

(e) If everybody in the school is willing to pay athletic dues, and the amount necessary to support athletics is exactly the amount now received in this school, how much does each student have to pay for his share?

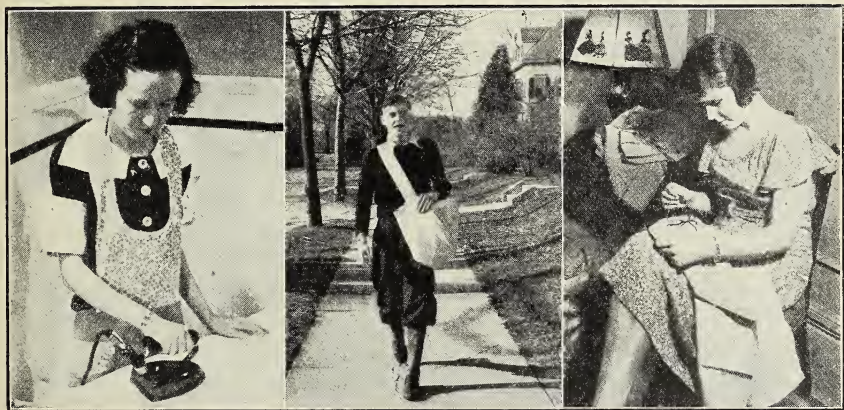
- (f) What justification is there for asking such financial support of athletics in a high school? Would you co-operate?

7. The Taxpayers' Association of a small town conducted an essay contest in the high school. The subject was: "What can the Taxpayers' Association of your town do to help the owner of property?" The winner in each class — freshman, sophomore, junior, and senior — received \$5. The school has a student body of about 1,000.

- (a) 160 freshmen, 132 sophomores, 100 juniors, and 42 seniors wrote essays. What per cent of the school population wrote essays in each class?
- (b) If only twelve seniors had written essays, what per cent of them would have received a prize?
- (c) What benefit was obtained by those who did not win a prize?
- (d) Why does an organization of this kind sponsor such contests? Why do they offer money prizes?

UNIT 4

FAMILY AND PERSONAL BENEFITS OF ECONOMIC LIVING



Co-operating in a family group.

Philip Gendreau

Co-operation Necessary to Economic Security. — It is possible that the family group to which a boy or girl belongs is the most important group of which he is a member. Happy, contented, and useful home life is based, to a certain extent, on what has been called economic security for the future as well as for the present. In other words, when the head of a family does not have the necessary means for giving those who are dependent on him the things they need, while laying aside enough for the future, it is difficult for the family to be fully happy and contented.

It is the responsibility of the head of a family to provide for that family, but his success in meeting this responsibility will depend largely on the co-operation which he receives from other members of the family group. If all members of the group are uneconomical in their way of living, it is exceedingly difficult for the group to make both ends meet in most cases. If one member of the family group is uneconomical in his way of living, it is likely that he will get more than his share of the family income. This is unfair to other members of the group and interferes with the achievement of economic security. This may be put in

another way ; no family can be economically independent and self-sufficient unless all its members do their share toward the realization of this desirable result.

At this point in our study of this economic problem it is sufficient to say that every boy and girl should do his or her part in making the family income go as far as possible. Each should contribute something to the family's present well-being and future economic security. Every family has a right to expect this. More will be said on this subject in connection with the discussion of what are called *personal* benefits of economic living. As will be seen later also, every member of the family group should have a part in planning the economic life of the family, except those who are too young to realize the importance of economic matters. If each member of the family group will learn early to consider his own personal wants in relation to family needs, a better economic status for the whole family is sure to result. Where each member of the family group considers his own personal desires in economic matters without giving due consideration to the needs of the group as a whole, and of other members of the group as individuals, there is little chance of reaching the ideal of economic security.

How Young People May Co-operate. — Perhaps it will be worth while to illustrate by concrete examples some of the ways in which even young people may contribute to the economic life of the family. One of the most important ways in which a boy or girl may contribute his share to the family's economic security, both present and future, is for each young person to learn early that he must not demand things beyond his economic station in life ; or, at least that he must not demand these things and become unhappy if they are not provided. It is best for young people to have a full understanding of the economic means of the family group. When it is understood just how much income the family receives, what demands there are that must be met out of this income, and which needs are most urgent, then it should be easy for the average boy or girl to understand that he as an individual member of the group probably cannot have everything he wants. There is no harm in wanting better things, and more things, than most of us are able to have. But it is bad for the economic security of the family, and therefore of society as a whole, when large numbers of people insist upon having more things than they need when they cannot afford them, or more expensive things than should be purchased for them by those who are responsible for their care.

The boy who becomes dissatisfied with the family car because it is two or three years old, or because his associates drive better or newer cars, not only is contributing to his own unhappiness, but also is endangering the economic security and well-being of the family by urging that a newer and better car be

purchased. One of the earliest lessons that should be learned is that people are not happy in proportion to the number or cost of the things which they have to use. Happiness comes from within and not from without. Each young person should try to be temporarily satisfied with the economic status in which he is placed. At the same time, every young person should be ambitious to better his economic condition, especially when he becomes responsible for his own economic life. Even before that, he can assist in the elevation of his family's economic status by contributing to the income of the family in such ways as are open to him. He can earn money from time to time, doing work that is appropriate for one of his age. He can reduce the expenses of the family by taking care of things that are purchased for his use, thus avoiding waste.

Boys and girls should learn early to ask this question when they desire their parents to purchase certain things for them: Can we afford these things and do we need them badly enough at this time to justify buying them now? If this question is asked often and answered honestly early in life, a foundation for personal, family, and social economic security will be laid. This assumes, of course, that those who ask and answer this question will act in accordance with the answer which is right in the truest sense of economic living.

Effect on Community. — The community which is made up of families who live economically is a good community in which to live. It is a community which is a good one in which to do business. It is a community in which the citizens are most likely to be interested in governmental affairs. It is a community which is likely to have more advantages than a less economically sound community. It is a community in which there is likely to be little want and suffering because of lack of economic necessities. It is a community in which relatively little charity work will be needed. In short, it is a community which typifies the American community at its best.



Which boy is adding to the family's economic welfare? What makes you think so? Can you be sure that the boy in the top picture is not doing what may benefit the family most? Explain. Is any member of a family free from all responsibility for the family's welfare?

Personal Benefits of Economic Living. — We have discussed the social and family benefits of economic living. Now we shall consider briefly personal benefits of economic life. It will not be necessary to go into this subject fully at this point, as this whole course is intended to reveal the many benefits to an individual which result from economic living. In discussing family and social benefits, we have considered benefits that will be obtained by the individuals who compose the family and social groups mentioned. But there is another kind of benefit which results to the individual from economic living. It is a benefit which really cannot be enjoyed even by a small group such as the family group, or by larger groups. It is a benefit peculiar to the individual himself.

Economic Independence. — It is well known that a person who is unable to make his way in life, to earn his own living when he should be doing so, will be dependent upon someone else for support. Sooner or later such a person will lose his self-respect. The person who has to ask others to buy for him, or to let him have the money to buy for himself, most of the things he needs finds it very difficult to think well of himself. Such a person always faces the danger of reaching a time when those who have provided for his wants no longer will be willing to do so. Thus he loses hope of attaining economic security. Such a person is likely to become convinced sooner or later that the world owes him a living. If a living is not provided for him, it is easy for such a person to think that there is something wrong with his government, with his family, or with some other group to which he looks for support. He rarely believes that the fault lies within himself.

A person who becomes dissatisfied with the economic status of his family, and who becomes envious of others who have more wealth to spend, may become greedy and resort to dishonest means of acquiring the things he wants. A person who buys things in excess of what he actually ought to buy usually reaches the point when he cannot buy the things he actually needs. Such a person is likely to beg or borrow the things he cannot get the money to buy. A person who begs or borrows finds it necessary to explain why he is doing so, and in the explanation he gives he often is dishonest.

Depending on Others Makes One Selfish. — A person who is selfish in his personal expenditures is likely to be selfish in other matters. Selfishness is a trait which undermines character. A person who is extravagant, who buys beyond his means, is likely to be extravagant in other matters. He is likely to overstate facts. He is likely to think many things are bigger and more important than they are. He loses much of the satisfaction which comes from living a sound economic life because he sees things and their values in a very much distorted way. He soon reaches a point where he lacks the ability to appraise the value of the things he is encouraged to buy.

A person who becomes stingy and miserly of course also becomes selfish and narrow. Again, his character suffers. A person who refuses to pay full value for the things he wishes to buy, the bargain hunter, the one who always tries to buy things for less than they are worth, is a person who may do much to undermine the economic security of the social group as a whole. An individual who does not use the things he buys because he is afraid of wearing them out may not contribute much to the economic well-being of the social group. He likewise may develop traits of character which are undesirable. The person who refuses to give what he really can afford to give to worth-while social enterprises, or to individuals who have a claim on him for help, likewise is endangering his character. Wise giving is a part of economic living.

From what has been said, it can be understood that economic living has much to do with the development of one's character. In fact, there are those who claim that many of the defects in human character have their roots in unsound beliefs and practices in economic affairs. Whatever may be said for the development of one's mental gifts, the protection of one's physical well-being, and the promotion of one's spiritual welfare, there can be no denying the fact that all of these things, and most of the lesser elements of good living, are more or less dependent on the result of sound economic living. Boys and girls are urged to believe that their mental development, physical well-being, and spiritual growth doubtless are the most important things in their lives. But it also is urged that their economic well-being is a very important contributing factor in the achievement of these good things of life. This course is intended to lay the groundwork for an understanding of what is meant by economic living and to indicate ways and means for the development of correct habits and sound practices with respect to economic matters.

23

Can you tell

Which of the following statements are *true*, and which are *untrue*? Give reasons for your decision in each case.

1. If a family has not enough money for its needs, it is the fault of the head of the family.
2. It is difficult for members of a family to be fully happy and contented unless the standard of living is fairly high.
3. It is impossible for one spendthrift in a family to bring that family to want.
4. The larger the family, the greater the need that all shall help to make the family income meet all needs.
5. Each member of the family group should consider the needs of the others in presenting his own needs.

24

Co-operation is a most important thing in economic living. What is it? How do people co-operate? How can you co-operate with others in some of the groups to which you belong? Why is it good for you to co-operate with others?

25

Make a list of five ways in which boys and girls may co-operate with others in their families in an effort to get the most good out of family income.

26

Write a short essay in which you will point out the importance of this sentence : *Can I afford it?*

27

What became of them?

Many years ago when gold was discovered in our western mountain regions, mining camps sprang up over night. These camps grew into quite large villages or towns, occasionally large enough to be called cities. Almost everyone in them obtained money easily, spent it freely, and lived extravagantly. Many gambled it away. Others gave it away. Still others paid too much for things they bought. Not a few gave away large sums. What probably became of most of these communities? Why?

28

Some people — You?

1. Some people are dependent on others in later life. Why?
2. Some people are selfish in money matters. Why?
3. Some people blame their lack of money on others and free themselves from all blame. Why?
4. What helps people keep their self-respect?
5. What has the habit of buying more than one can afford to do with the habit of borrowing?

29

Why economic living?

You know what is meant by the word *character*. What has economic living to do with character building? What might be considered the most important single result of economic living? Why?

30

Use these words in sentences so as to show that you know how to use them in an economic sense. Be sure of your spelling. Put a check mark (✓) before the sentences in which you are able to use any of these words without looking them up in the dictionary.

- | | | |
|----------------|-----------------|---------------------|
| 1. achievement | 8. concrete | 14. greedy |
| 2. ambitious | 9. co-operation | 15. independent |
| 3. appraise | 10. demand | 16. purchased |
| 4. bargain | 11. dependent | 17. self-sufficient |
| 5. begs | 12. excess | 18. status |
| 6. borrow | 13. expensive | 19. uneconomical |
| 7. buying | | |

31

1. Your father buys you a bicycle for \$30. By careful use it should last at least eight years.

- Aside from the cost of repairs what is the average cost for each year?
- If because of neglect and carelessness this bicycle is worn out at the end of four years, what has been the cost per year?
- How many dollars of the family income have you wasted?
- What per cent of the amount spent for this bicycle has been lost through your fault?
- If the part of the family income spent for you each year is \$300 and you are equally wasteful in the use of other things purchased for you, how much of the family income will you lose for your father each year?
- Suppose you have an equally wasteful older sister or brother for whom 25% more is spent each year, how much of the family income will you two members of the family waste?
- Suppose both mother and father are frugal in the use of money and in the care of property. Are they likely to be able to attain economic security for the family? Discuss quite fully.

2. You may assume that the bus fare to school is 8 cents each way and that you attend school 180 days in a year.

- What will be the annual cost of transportation to and from school?
- In the interest of economy to help maintain the family budget, you walk one way each day. How much shall you save? What per cent?

- (c) If you walk one way three times a week for 36 weeks, what per cent shall you save?

3. There are many odd jobs around the home. New windowpanes have to be set; light switches need adjustment; the washing machine needs oiling; the yard needs mowing; sewing has to be done; the yard fence needs a nail occasionally; and many other jobs must be taken care of. If it costs an average of \$63.50 of the family income to pay for having these jobs done, what per cent of this could be saved in the family budget if you could take care of jobs costing \$27.60?

4. The family car is becoming a bit shabby, but it still runs well. Father and mother are satisfied with it, but son and daughter are urging a new car. The depression has caused a 25% reduction in family income. There is need for economy.

If the old car is kept, these repairs will be necessary: Two new tires and tubes \$34; valve grinding \$9.50; dents out of fenders \$5.50; painting fenders, top, and chassis \$12.50; and new front bumper \$8.30. This car will be worth \$100 less in trade at the end of the year than it is now.

If the new car under consideration is purchased, it will cost \$985. It will be worth 30% less in trade or cash at the end of the year.

Insurance on the old car will be \$28.50; on the new one \$42.50.

You as a member of the family group are asked to help decide whether to buy a new car or to keep the old one. There are several things you want for your personal use, and if the more expensive plan is decided upon, you may not get them.

- (a) How much more would the more expensive plan cost?
- (b) What per cent more? Is this a fairly large per cent? Suppose everything the family decides to buy costs that much more than is actually necessary. What will be the probable effect on plans for economic living?
- (c) From the standpoint of economic living which is the better plan?

5. Suppose that on the average a family with one child spends for ordinary living expenses during the first 15 years of the child's life \$1,300 more than does a family with no children.

- (a) What is the average increase per year?
- (b) If \$80 of this amount is spent for toys, games, and other similar items, what per cent of the total is spent in this way? To reduce this item 20%, how much would have to be saved from the original amount?
- (c) What per cent of this amount is spent for clothing which costs \$190? If by careful use of clothing \$30 can be cut from this amount, what per cent of the present cost of clothing can be saved?

6. James Walden earned on an average \$60 a month during an active working life of 40 years. Having saved nothing, he applied for and obtained an "old-age pension" of \$24 a month granted by his state at the age of 65. He died when he was 80 years old.

- (a) How much did Mr. Walden earn during his 40 working years?
- (b) If he had saved 15% of his income and had received a total of \$3,650 as interest on his savings, how much would he have had at the age of 65?
- (c) If he could have invested his savings at $4\frac{1}{2}\%$ safely from age 65 on, how much would he have had to live on? How would this amount compare with the \$24 a month he received from the state? How much more would he have had each month under his own saving plan?
- (d) How much did he receive in all from the state to the time of his death?
- (e) How much would he have received in all from his savings to the time of his death?

UNIT 5

CHANGING IDEAS OF ECONOMIC LIVING



Were these people thrifty? In what ways did they live differently from the people of today? To live sound economic lives, is it necessary to go back to these old ways of living? Explain.

Early Practices in Economic Living. — Before leaving the general subject of the nature and benefits of economic living, a few things should be said about changing ideas as to what good economic living really is. Many years ago, self-denial to the point almost of physical suffering was practiced in economic matters. Only the bare necessities of life were demanded. Nothing was used which could be put aside for future use. Things were made to last not only a lifetime, but to be passed on to descendants as *heirlooms* and finally to become even more valuable as *antiques*.

Families lived in the kitchen and kept the living room closed so that the furniture it contained would not be worn out; also so that it would not be necessary to heat an extra room in cold weather. Light was used sparingly. Clothes were used with great care and then passed on to someone else in the family for further use. Wages were small. Expenditures were correspondingly small. Because of a certain ruggedness of character and regard for economic living, savings were relatively large. In this early period the foundations for large fortunes were laid. These fortunes were passed on to succeeding generations who often promptly

spent them extravagantly and to their own hurt, at least from the standpoint of character building.

In this early period, only necessities were purchased, luxuries were more or less unknown to the great majority of people. Things that are considered necessities today were then considered luxuries. Only a few of the things we now regard as necessary were then conceded to be of importance to the average family. Even though many things not purchased by the average family were conceded to be important, they were beyond the means of most families to secure. It is not possible to discuss in full the changes which have come about in the attitude of people toward economic matters. It is clear, however, that the time is not likely to come again when early beliefs and practices regarding economic matters will be restored.

Present Practices in Economic Living. — We are accustomed to a higher standard of living than was possible in the days of our grandfathers. It is the aim of those responsible for government and other activities of a social nature to see to it that our standard of living is raised still farther, and also to see to it that greater economic security is assured to all. Plans for old-age pensions, welfare relief, Red Cross assistance, employers' liability, and a great many other similar services have been made for the prevention of want on the part of any person.

We now believe that things should be purchased to use; and that once purchased, they should be used. We should not be afraid of wearing things out, although we should not wear them out too rapidly or by careless use. We recognize that all people are entitled to enjoy the comforts of life beyond the point where actual need ends. We are unwilling to admit that things which add to the comfort and general well-being of any person can be regarded as luxuries. We are not opposed to the enjoyment of luxuries by those who can afford to have them. We recognize that the existence of luxuries tends to create a desire for something better, and that this desire for something better is a cause of our improved condition of living. Those who do not want better things do not struggle for them. Without a certain amount of effort to get better things there can be no economic progress.

It is quite likely that people in the early days of this country were in a sense as well off as we are now; at least on the average. On the other hand, very few recommend that steps be taken to turn back the wheels of progress so that the average person today, or in the future, may have only the comforts which the average person had a century ago. We want more things and better things, and probably should have them; but we must recognize the fact that if we do have them, it should be because we have established habits of economic living

and thus have made it possible for us to obtain them with the results of our own labor and thrift. We should not expect others to provide them for us. In your later study of economics you will learn much about provisions that are being made, or at least being proposed, for the elimination of suffering and want because of lack of money with which to buy things needed. It will not be necessary to go into these matters at this point in your study of economic matters.

32

Do you know

1. What is meant by an "heirloom"?
2. The difference between an "heirloom" and an "antique"?
3. How it happens that there are many valuable pieces of early colonial furniture which are still as good as ever and in daily use?
4. Why most people a hundred years ago used what they had so carefully?
5. Why, in the early days of our country, people found it easier to save than they do now?
6. What is meant by "standard of living"?

33

Luxuries and necessities

Here are two important words which have much to do with economic living: (1) Luxuries; (2) Necessities.

1. What do these words mean? Use them in a sentence in such a way as to show that you understand their meaning.
2. Are expensive things always luxuries? Are cheaper things always necessities?
3. Can you pick out a single thing which would be a luxury for everyone who might buy it? Explain your answer to this question.
4. What has the expression "keeping up with the Joneses" to do with luxuries and necessities?

34

"Economic security" is an expression which we hear very often in these days. What does it mean in a general way? Try to tell in your own words. Talk with your parents and others about it. See if you can find some statement about it in the daily paper which you read, or in a magazine. Try to add something to what you have learned about this expression,

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How to get things needed

In what ways may the things we need throughout life be obtained? Name several ways in which things may come to us. Then tell which way usually is best from the standpoint of developing strong character. Think carefully about this matter. Try to find a good reason for your answer. Do not merely guess.

36

Here are some important words which should be studied carefully. Some of them may have appeared in earlier lists. That does not matter. Repetition will help make them your own. If you already know the meaning of any of these words and how to use them, just put them into correct sentences and pass on to unfamiliar words which you may have to look up in the dictionary. Use each word in a sentence which has to do with economic living. More than one word may be used in a single sentence.

- | | | |
|--------------------|-----------------------|------------------------|
| 1. <i>antiques</i> | 6. <i>desire</i> | 11. <i>progress</i> |
| 2. <i>attitude</i> | 7. <i>elimination</i> | 12. <i>recommend</i> |
| 3. <i>average</i> | 8. <i>heirlooms</i> | 13. <i>suggedness</i> |
| 4. <i>conceded</i> | 9. <i>liability</i> | 14. <i>self-denial</i> |
| 5. <i>create</i> | 10. <i>pension</i> | 15. <i>want</i> |

37

1. Mrs. Sampson is considering the purchase of an electric refrigerator. She has decided to buy one of three kinds which we shall call A, B, C.

A costs \$289.40; B, \$250, and C, \$225.

A is guaranteed to give good service for 15 years.

B is guaranteed for 12 years.

C is guaranteed for 10 years.

Assuming that each will last as long as it is guaranteed for and that the operating cost of each is the same, which is the best buy?

2. A certain family needs and is about to buy dining-room furniture. Two sets are being considered. One is priced at \$225. The other is priced at \$89. The first will last a lifetime with good care. The other will not last more than 10 years. There is money enough for either purchase. Over a period of thirty years, which will be the cheaper? How much? Do not overlook any item.

3. When the value of an article goes down, it is said to "depreciate." When it goes up in value, it is said to "appreciate."

Miss Delano owns a stool which was given her by her grandmother, who inherited it from her ancestors. The story is that it was made before the Revolutionary War. Nobody knows what it cost to make it at that time, but its cost is estimated at \$7. Today an antique dealer offered \$60 for it.

(a) How much has it appreciated?

(b) What per cent?

4. Miss Delano is very fond of this stool. It is an heirloom, and she will not part with it. She has an adequate income and has no special need for money.

(a) Would you sell if you were she?

(b) If this article increases 20% of its original value each ten years, how much will it be worth in fifty years?

(c) To keep the stool in good condition, Miss Delano spends \$1 each ten years for refinishing. Does it pay to do this? What per cent is the appreciation greater than the amount spent for upkeep?

5. Mr. Littlefield, a Maine farmer, bought one of the first Ford cars. He used it many years, and then stored it in a corner of his barn. Being mechanically inclined, he carefully greased and oiled the motor. Each year he ran it occasionally.

Mr. Littlefield recently was offered \$1,000 for the car by an automobile agency to use as an exhibit. Mr. Littlefield paid about \$600 for the car. He accepted the offer.

(a) What was his gain over the cost? What per cent?

(b) After the car was put away, it cost Mr. Littlefield about \$2 a year for 15 years for grease, bolts, oil, etc., necessary to keep the car ready to run. What was his actual profit for keeping the car 15 years after it was put aside if he could have got \$200 for it at that time? What per cent of the amount received for the car was spent for its preservation?

(c) Do you think that the car would have been in salable condition if he had not kept it in running condition? Even if he had not sold it at a high price, would it have paid him to keep this car in running condition? Explain.

6. Mr. Whitten, a neighbor of Mr. Littlefield, bought a number of old cars and stored them in his barn. He said he could wait until they appreciated. He paid \$65 for one car, \$40 for another, and \$30 for a third. After five years the best offer he could get was \$10 for the three cars. He was discouraged and sold them.

(a) How much did he lose?

(b) What per cent did his cars depreciate?

(c) How much did they depreciate each year?

(d) What was wrong with his plan?

PART II

PERSONAL SERVICE IN ECONOMIC LIVING



Ewing Galloway

An opportunity to work and the rewards of service are the rights of men and women alike.

UNIT 6

OBLIGATION TO SERVE



Name the five fields of service represented in these pictures. Which requires most special training and general education? Is any one of these services more worthy of praise than any other? Explain.

Work Should Be Service. — In the preceding units we have discussed the nature and benefits of economic living. It has been shown that family, community, and in fact all social groups owe their well-being, in some degree at least, to the economic living of the individuals who make up their membership. To live economic lives, it is necessary that people be enabled to earn money through *service*. There is no other satisfactory way for able-bodied adults to acquire the necessary means of getting things needed and desired. Elderly people and invalids are exceptions to this rule.

Everyone should render service to others through some kind of economic activity. By *economic activity* we mean a job. In other words, practically everyone should work. Furthermore, not only should everyone work, but, as far as is humanly possible, everyone should work at tasks which will be beneficial to others of the social groups to which he belongs. It is important that young people begin to realize that when they accept a position, they not only begin to earn the money they need, but they also begin to serve society in economic ways.

Work Beneficial. — It is almost impossible to think of any desirable kind of work which is not a benefit to someone other than the one who does it. This is true even though the worker is working for himself and not for others. There are exceptions, of course, to this general principle. For example, a man who is working in his own garden for the purpose of raising the potatoes which he needs

for his own table is not working for someone outside of his own immediate family group. However, even in this case, if there are other members of the family, he is working for them as well as for himself. Only the individual who lives entirely by himself, and works only for his own benefit directly, can be regarded as one who is working for himself alone and not for others.

Work Means Service. — It may be true, perhaps even in most cases, that people accept jobs or positions and earn money for their own satisfaction. They overlook the fact that in working they are rendering service to society as a whole through serving members of the social groups to which they belong and even other social groups with which they have no connection.

In the state of Maine there is an important potato country where about fifty-three million bushels of potatoes are raised each year. The people who raise these potatoes, the men who work in the fields, are all serving not only themselves and their immediate families and others who live in the community where they work, but also thousands of people who will purchase these potatoes in many distant places. They are working for those who are employed by railroads that will transport these potatoes to the places where they will be used. They are working for the men and women who will sell these potatoes to those who will consume them. Thus it will be seen that the farmers in Maine who raise potatoes are serving a large number of people in widely scattered places. It is only because of this service that these Maine farmers are entitled to receive a profit from their enterprise. It is only because of this service that those who work in the fields for a daily wage are entitled to that wage.

It is important to keep in mind the fact that *work* and *service* should be words that mean substantially the same thing. Later it will be worth while to discuss what we call wages and the money in which wages are paid. At present it is enough to say that wages or salaries which people earn are but the means by which their services are measured or rewarded.

The Right to Serve. — It must be remembered that there is the *right* to serve, as well as the *duty* to serve. Every individual should recognize this fact. When we state that there is a right to serve, we are indicating a belief that serving is good for people and that, therefore, they will insist on having an opportunity to serve others in economic ways. This, of course, should be true. Some people work because they like to do certain kinds of things. Others work merely to acquire the money which they need. Perhaps still others work because they must. It is proper that people should work because they like to do things, and also because they wish money to use. But a very much better motive for work is the belief that in working we are serving others in ways by which they cannot serve themselves so satisfactorily. We have a right to the satisfaction which

comes from work well done, especially when such work is a benefit to other people as well as to ourselves.

A Most Important Right. — During times of depression in business, it often is impossible for people to secure work. Businesses are shut down. Few if any men are employed. There is no opportunity to work. In such a situation the right to work is not enough. It does little good to demand that an employer who already has produced more goods than he can sell shall give them work. They may appeal to the government or to some other agency for opportunity to serve. Even then they may not find the service which they can render. At times labor organizations believe it is best for their members not to work. A strike is called, and thus while individual members of a union have the right to work, they give up this right temporarily because they believe that it will be to the advantage of themselves and other workers to refuse to work until certain conditions are met. It is not important for us at this point to consider whether or not a surrender of this right to work, even for a short time, is a desirable thing. It may be a proper thing to do. On some occasions perhaps it is an unwise thing to do. No one can judge except when he has full understanding of all the circumstances of a given situation. The important thing just now is to remember that whatever may happen, the right to work, or in other words, the right to serve other people as well as ourselves through this means, is one of the most important rights we have.

Protect Our Right to Work. — As individuals and as citizens we should do everything in our power to protect this right. We should strive with others for conditions which will make it less likely that this right will be taken away from us even for a short time. By every proper means at our disposal we should try to secure conditions which will spread the work we are able to do over the entire year, and not concentrate it in a single short period, leaving us idle for long periods of time. We should consider whether or not we should work fewer hours a day, or perhaps fewer days a week, so that the work may be spread over a longer period of time. It no doubt is very bad from the standpoint of economic living for individuals to have plenty of work for a very short time, and perhaps large wages for that time, only to be left without work for the greater portion of the year. Under such circumstances it is difficult to adjust properly one's financial affairs. It is easy to spend much when much is being earned, and therefore save too little to meet the requirements of periods of unemployment.

Effect of Machines on Work. — Boys and girls may wonder why it is becoming increasingly difficult to spread the work there is to do over the entire year for all people who are able and willing to work. One of the chief reasons is

what is called *mechanization*. This means the introduction of machinery to do things which people formerly did with their hands. The shoemaker in early days consumed many days in making a pair of shoes. Today one individual with the use of machines will turn out several scores of pairs of shoes every day. Of course, more people wear shoes now than wore them in early times. Furthermore, each individual has more shoes today than once was thought to



Do you think the men above would object to the use of machines? Explain. What has the machine done to make the average employee's workday an easier one? What men are injured economically by machines?

be necessary. But after all, it is possible for machines and men to make more shoes than people can buy and wear under present economic conditions. Thus it becomes necessary to lay off shoemakers in factories from time to time. There are other reasons for this situation, but we do not need to discuss them at this point. It is enough to remember that one of the serious economic problems with which our government and others are confronted is the problem of providing plenty of work for people who should work during their working years; and spreading this work over the entire year, each year, so as to assist workers in the conduct of their personal financial affairs economically.

The Duty to Serve.— We have been talking about the *right* to serve. We should not pass by this topic without emphasizing just a little more the *duty* to serve. Why should anyone be provided with the things he needs without making an effort to render service in return for them? Why should those who have plenty of means left to them by parents, for example, be content to live without rendering service to others? Does the world owe anyone a living without receiving in return work or service in some form? And remember that we are thinking of work in the sense of service.

It may not be necessary for one who has been left plenty of money by relatives to accept a position and work regular hours in that position. Indeed, it might be better for all parties concerned if such people would not take positions which may be needed by others who have to make their own living. However, people who do not have to work to earn money to meet their economic needs should spend some of their time in other forms of social and personal service.

Opportunities for All to Serve.— In every community there are wonderful opportunities for social service of various kinds. There is the Boy Scout and

Girl Scout movement which calls for much volunteer work on the part of people who are interested. This volunteer work is valuable service. There are the Y.M.C.A., the Y.W.C.A., the Y.M.H.A., the Y.W.H.A., the K. of C., and other similar organizations whose various activities have to be provided for through gifts from people, many of whom can ill afford to contribute. Those of means, or some of them at least, may well devote their time, or such of it as would ordinarily be devoted to work, to such enterprises as these. At all times there is other charity work to be done, such as for the church, the Red Cross, and welfare relief. There is city planning and other governmental work to be done in behalf of the people for whom governments are organized. In short, there are many opportunities for work or service which is unpaid and which really could and should be done by those who have means independent of any occupation. Such work also may be undertaken by others, perhaps, who have passed the age limit at which regular wage-earning service should be continued. Thus it will be seen that the duty to serve may last longer than the right to serve on a wage-earning basis. Practically no one except invalids, infants, and the very aged is exempt from this duty to render service to others.

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Are these things so?

Think about the following statements and be able to tell whether or not each is true. Always have reasons for your answers.

1. Everyone who works — does things for money — is rendering service to the community in which he works.
2. People should not have to work; they should be able to live without it.
3. One's job is one's principal economic activity.
4. Money which we earn is likely to be more useful to us than is money which we receive as a gift.
5. Everyone should work and earn.
6. It is difficult to work for oneself and not at the same time work for others.

39

How are people served by workers?

Make a list of ten kinds of employment with which you are familiar. Explain how each benefits other people as well as the worker. For example: Delivering newspapers. The delivery boy gets pay for his work. The reader of the paper gets his paper without going after it. He gets it at a regular hour. He does not have to stop somewhere for it on the way home from work. He does not miss his paper because he forgets to stop for it.

Suppose that a boy delivers fifty evening papers. This saves time and money for fifty subscribers. It is a real service to the community.

Now list the ten kinds of employment asked for and tell all you can about the ways in which each kind serves people. See who can think of the most ways in which people are served through work done by others.

40

Was he sane?

What would you say of a man who spent eight hours every weekday piling sticks of firewood from one position in a farm outbuilding to another place in the same building, and then piling them back in their original place? Was this work? Was it service? What about such a man?

41

Why?

Why are workmen entitled to receive wages? Try to think of two things that have something to do with the amount of wages a workman should receive. Should all receive the same wage regardless of the kind of work done?

42

Work in a depression

1. Make a list of reasons why people work. Try to think of at least five good reasons. Which one of these reasons seems to you to be the best one?

2. It is said that during the depression beginning in 1929 millions of men were out of work. Did most of these men want to work? Did they have a *right* to work? Was it their duty to do so?

3. Before 1929, when there was plenty of work, as many as two million men didn't work. Why? What is meant by the word *voluntary*? *Involuntary*? What is meant by *voluntary unemployment*? By *involuntary unemployment*? Which kind of unemployment prevailed before 1929? Which after 1929? Explain.

4. When do we properly value the rights we have? When did the unemployed referred to above begin to realize that their right to work is an important one from the standpoint of economic living?

5. What have the state and federal governments to do with this right to work?

43

What about machines and work?

The invention and use of machines throw many people out of employment. It is likely that inventors will continue to invent machines and that employers

will continue to use them. What difference does this make to you in the matter of

1. The clothes you wear?
2. The things you eat?
3. The way you travel?
4. The kind of lifework you choose?
5. The preparation you make for your lifework?
6. Your attitude toward saving money?

44

Work suitable for those who have plenty of money

1. List six kinds of work which may be done by people who have plenty of money, but who recognize the duty to work for the common good.
2. The governor of a certain state turned his salary back to the state treasury every month because he did not need it. How did this benefit the people of his state? If he did not need to work, why did he?
3. In what other way could he have used his salary for the benefit of the people who elected him?
4. Why is it that men keep on working — managing businesses — long after they have all the money they need or can use? List some good reasons and some bad ones. Not all men are alike in this matter.

45

As before, use these words in sentences which show that you understand their meaning when used in connection with economic living.

- | | | |
|----------------------|-------------------------|----------------------|
| 1. <i>beneficial</i> | 7. <i>mechanization</i> | 13. <i>task</i> |
| 2. <i>duty</i> | 8. <i>motive</i> | 14. <i>transport</i> |
| 3. <i>employer</i> | 9. <i>profit</i> | 15. <i>volunteer</i> |
| 4. <i>enterprise</i> | 10. <i>right</i> | 16. <i>wage</i> |
| 5. <i>exempt</i> | 11. <i>service</i> | 17. <i>welfare</i> |
| 6. <i>job</i> | 12. <i>strike</i> | 18. <i>work</i> |

46

1. During the depression as many as 10,000,000 people have been unemployed because no one would employ them. If there are three people affected directly by the unemployment of one worker, how many people are directly affected by such a situation?

2. If there are about 45,000,000 people who usually are gainfully employed in the United States, what per cent of these were unemployed according to the previous problem?

3. If the average wage of these unemployed people in most prosperous times was \$4.50 a day for a 300-day year, how much was lost in wages during a single year of unemployment?

4. Who was affected by this loss of wages besides the wage earner?

5. Suppose that under *ordinary* business conditions 45,000,000 workers earn an average of \$3 a day, and that in *most prosperous* times they earn \$4.50 a day. Suppose that in depression times 10,000,000 of these workers earn nothing, and that the remainder earn only \$2 a day. Which is better from the standpoint of economic security, normal conditions under which every worker earns \$3 a day every year, or three "most prosperous" years in which all earn \$4.50 a day followed by a depression year in which 10,000,000 are unemployed and the remainder earn \$2 a day? Is it better to have plenty of work at good wages every year than to have too much work one year and too little the following three years?

6. Which is better off economically, a man who lives in the country, earns \$1,200 a year, and spends $\frac{2}{3}$ of it for living expenses, or a man who lives in the city, earns \$2,000 a year, and spends $\frac{5}{6}$ of it for living expenses? How much?

7. In a city of 12,000 people, one seventh of the population are employed in a large mill. Recently a strike was called.

(a) How many people are employed in this mill?

(b) How many people are affected by this strike? Discuss.

8. During the strike, two of the workers damaged the \$3,000,000 plant to the extent of \$3,500. It was necessary to hire police to guard the mill, and that cost \$600. The militia was called at an estimated expense to the state of \$800. The company estimated a loss due to inactivity amounting to \$120,000.

(a) How much money was lost as a direct result of the strike?

(b) What per cent of the loss was due to inactivity?

(c) What per cent was due to damage to the plant?

(d) What probably happened to the two workers who damaged the mill?

(e) If these two workers remain unemployed, who may have to support them?

(f) In spite of the above results, may the strike have been a good thing for all concerned? Think of both sides of the question.

UNIT 7

AGE LIMITS OF WAGE-EARNING SERVICE



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Philip D. Gendreau

The young woman is earning and investing so that she may enjoy well-earned leisure when she reaches retirement age.

Upper Age Limit. — While we are thinking of this matter of service, it might be well merely to mention the fact that in our attempt to provide all with an opportunity to work, we should consider the age at which people should aim to be independent and without the necessity of work. This means what is called the *retirement age*. In other words, after a given age, say fifty-five, or sixty, or sixty-five, people should have acquired enough money and other property to enable them to retire without becoming a charge upon society or their friends. It may be necessary to provide for those who have not been able to provide for themselves under economic conditions which have existed in the past. But we should develop and adopt a plan for providing a sufficient amount of work opportunities during ordinary working years to enable everyone to acquire for himself a sufficient amount of surplus money to meet his needs, and those of his family, after his retirement age has been reached.

Retirement Should Be Possible for All. — It may be difficult to determine at just what point in later life economic service should cease. But it should not be difficult to decide that people of advanced age shall not be expected to work, partly because when they do so, they tend to deprive younger people of opportunity for service, and partly because it is believed that by the time old age has been reached, each individual should have rendered a sufficient amount of service to society to entitle him to retire on his savings. Efforts are being made to

improve the economic system under which we live so as to make it possible for people in general to save for their old age a sufficient amount of surplus to insure comparatively early retirement from active service for wages. Also in several states laws have been passed which require the state to pay out of public funds a sufficient amount to enable old people to live in comfort when they have not been able to save enough to maintain themselves. Better old-age retirement laws will be passed. It is likely also that better economic conditions will make it somewhat easier for people to provide for their own old age. We have seen that with the increase of machinery and the greater ease with which things can be produced for our comfort, it is correspondingly unnecessary for as many people to work long hours each day, every day in the year, and to continue to work throughout a long lifetime, beginning early and ending only when they are physically incapable of doing any more work.

It surely is an obligation resting on every person to do what he can to save the necessary means for his own support and that of those who will be dependent on him in later life. On the other hand, the individual who has done all that he can to provide for his own future needs, but who in the end finds himself unable to meet those needs out of his own savings, has the right to expect society in some way to come to his assistance. In this land of plenty there should be no want. This of course assumes that those who are able to do so will provide for themselves, and that those who are unable to do so will be provided for. Neither group should be allowed to want for the things they need.

The point of view just expressed is not the same as the one which is expressed by the saying that "the world owes us a living." The world does not owe us a living unless we are incapable of providing it for ourselves; or unless after doing the best we can, we have been unable to provide a living for ourselves because of economic conditions and other factors beyond our control. We all have the obligation to serve and the right to the rewards of our service. The least that can be expected in return for honest service is the necessary means of supporting ourselves in reasonable comfort.

Work after Retirement. — It matters little what the upper age limit of service may be. However, it should be set at some point, probably past fifty. But it must be remembered, as has already been pointed out, that when the period of active wage-earning service comes to an end, those who are able to do so should continue to render social service in connection with social enterprises, such as the Red Cross, Y.M.C.A., Y.W.C.A., Y.M.H.A., Y.W.H.A., K. of C., Boy Scouts, Girl Scouts, the Church, civic organizations, and other organizations which have been formed for the good of society in general or for particular groups of members of the society in which we live. The obligation to serve does not

end with the age at which wage earning may cease. This is not wholly because of the need of the services which all people can render, but also because it has been found that in the rendering of such service those who have actually retired from wage-earning service are happier, healthier, and more contented. Usually people who continue to serve, who continue to have an interest in life, who continue to have the welfare of others at heart, and who do all they can to make living conditions better for people in general, live longer than do those who at the age of retirement cease to render service of any kind.

Lower Age Limit. — Boys and girls probably under present conditions should postpone going to work as long as possible, or at least until they become twenty or twenty-one years of age. Every position taken by a young person under twenty-one years of age is just one position taken away from someone who is over that age and who probably has family responsibilities to meet.

While it is undesirable for children to render economic service, it is desirable that boys and girls who have reached the age of twelve or thirteen years shall render economic service of value to themselves, to their families, and to society, but not for wages as full-time workers. Society believes that it is far better for young people to spend the remaining years of their youth in further preparation for more important service to come later. Because of this belief society furnishes schools, teachers, instruction material, and other things necessary to give young people an education.

For a long time it was thought that an elementary school education was sufficient for all except those who intended to enter the professions, or who had private means with which to pay for further education. Then it became apparent that a high-school education was none too much for people in general. Consequently, high schools have been built all over the country, where they are available to almost every boy and girl. Some people believe now that even an additional year or two of education beyond the high school is desirable for those who can profit from school instruction of higher grade. Hence many junior colleges are being established as a part of the public-school system. Furthermore, for those who have special ability and who desire to prepare for the professions, state universities and in some cases city colleges have been formed for the purpose of giving advanced instruction at a minimum cost to those who want it.

Take Time to Prepare for Service. — Generally speaking, it may be said that economic service which will interfere with further education should not be entered upon until such time as boys and girls have acquired all the benefits possible from high-school education and, where it is available, from training somewhat beyond that level. This would place most boys and girls who do not go to college, or other advanced institutions, in service at about the age of eight-

een years, or possibly a little older. The time may come when it will be recognized generally that service should not begin before the twentieth or the twenty-first year. It must be remembered, however, that this can be true, for the most part, only in the cases of those who can employ their time prior to this age limit profitably from the point of view of preparation for rendering more important service in later years. Society requires a great many types of service, and some of these types require much more general education and special training than do others. It is the business of society as a whole to see that all obtain the largest possible amount of preparation for the lifework which they are best qualified to undertake.

What does it mean?

47

Economic security in old age, or in later life even before old age, is of great importance to all people.

1. What does this statement mean?
2. Should each individual try to provide for his own future? How?
3. Should those who have been unable to provide for their future be provided for? If so, how, when, and by whom? If not, why?
4. Why should *young* people be interested in plans for taking care of *old* people? Think of several reasons.

Retirement

48

1. What is meant by *retirement age*?
2. Find out if your school system makes provision for the retirement of your teachers. Learn all you can about your local or state retirement plan.
3. Try to find out about a retirement plan which any business firm in your community may be using. Some of your friends or relatives may be employed by such a firm.
4. Find out if retirement plans are likely to provide enough money for all needs in later life; or if it is desirable for people to meet a part of their later needs through their own savings.
5. People often say: "How glad I shall be when I do not have to work!" When this time comes, are able-bodied, working people likely to be as happy as they expected to be? Why? What should they do about the matter? Keep on at their jobs? Or do something else?

49

Should you seek early employment?

Write a short essay in which you will say what you think about the matter of leaving school to seek employment. Think of this matter not merely from

your own selfish viewpoint. If you go to work too soon, what may be the result to you? To others?

What is meant by juvenile employments or occupations? Are there as many desirable ones as there once were? What danger is there in leaving school to accept such employment?

Men once entered upon employment at fifteen years of age and continued to work for hire until they were too feeble to work any more. Why should this lifework plan be done away with? Give several reasons.

50

It has been found that successful people in business and in the professions have an extensive vocabulary — that is, they know the meaning of many words. You should study these lists carefully and add to your vocabulary the words they contain. No one knows more words than he can use.

Give these words in sentences. Look up those about which you are not sure, but do not look up those you already know.

- | | | |
|---------------|----------------|----------------|
| 1. assistance | 6. minimum | 11. provide |
| 2. business | 7. obligation | 12. retirement |
| 3. education | 8. old-age | 13. reward |
| 4. incapable | 9. opportunity | 14. society |
| 5. limit | 10. owes | 15. surplus |

51

1. A worker received a salary of \$1,500 a year for five years, \$2,000 a year for four years, \$3,200 a year for five years, \$4,000 a year for eight years, and \$5,000 a year for eight years. During all of that time 5% of his salary was deducted for his retirement fund, and a like amount was contributed by his employer. How much did he contribute and how much was contributed by both?

2. An official of a company received a salary of \$5,500 for six years, \$5,750 for three years, and \$7,000 for five years. During that time 5% was deducted from his salary for his retirement fund, and the company added a like amount. Also the money in this fund earned interest to the amount of \$2,487.50, and this was added to the fund. What did the fund amount to? How much did the officer really contribute to the fund?

3. Later in this course you will learn more about annuities. Just now it is sufficient to know that an annuity is a certain amount which is paid to a person

each year for a definite number of years, or for life. At the retirement age of the man in problem 1 an annuity of 7% of the total amount in his retirement fund can be bought for him. How much will he get each year if interest to the amount of \$1,972 has been added to his fund?

4. At retirement age the man in problem 2 is entitled to an annuity of 8.5%. The larger rate is because he is older than the man in problem 1. What will be his annual income from this source?

5. In a certain state old people who are unable to support themselves may turn over to the state any property they have and receive in return an allowance of \$32 a month. Under this plan Mr. Jones deeded over his house and lot valued at \$3,600 to the state when he was sixty-eight years of age but continued to live in it. He lived until he was eighty-four years old and received \$32 a month from the state during that time.

(a) Did he gain or lose by the transaction? How much?

(b) How much did the state really contribute to his support if the house was sold for \$4,000 at his death? Who really paid this amount? Why should they pay it?

6. In this same state a daughter decided to take care of her father, who deeded his home valued at \$4,000 over to her when he was seventy-two years old but continued to live in it. From that time to the date of his death at seventy-nine she gave him \$25 a month. At his death she sold the place for \$4,250. Did her plan prove to be economically better for her than the state's old-age pension plan? How much better or worse?

7. It is difficult to say surely that additional education will proportionately increase one's earning ability, but generally speaking this should be so.

(a) If one who has a full four-year high-school education earns \$1,800 a year, which is an average of 20% more than is earned by one who has had no high-school education, how much will the latter earn?

(b) For each additional year of education how much is the first man's yearly earning ability increased?

(c) What would this amount to in a working lifetime of thirty-five years?

(d) Why can it not be said truthfully that any boy or girl who goes to high school one year will be able to earn that much more each of his working years?

8. In 1910, 15% of all children in this country between ten and fifteen years of age were at work for wages. In 1930, only 5% were employed.

(a) Do you know why this decrease took place?

(b) Does it mean that more boys and girls, or fewer boys and girls, are likely to need such training as this course is giving? Explain your answer.

9. Not so long ago men worked at least twelve hours a day. Now relatively few work more than eight hours.

- (a) What is the per cent of reduction in working time?
- (b) Can you suggest how this reduction of working time may increase the need for training in economic living?
- (c) Do workers earn on the average more money or less than they did when hours were much longer? What has this to do with economic living?

10. In one state an average cash payment of \$21 a month is given to elderly people who have not ample means for their support. In another state the average monthly payment is \$25.

- (a) In the first state what is the total annual allowance? In the second state?
- (b) What per cent more is paid in one state than in the other?
- (c) How much would need to be saved each year through a working lifetime of forty years to produce as much income as the first state gives those who need help, if an income of 4% can be earned on money saved at time of retirement from work and no allowance is made for interest on savings from year to year?
- (d) How much would need to be saved under the same conditions in the second state?

UNIT 8

REWARDS OF SERVICE



Which of these two young men is surely rendering a much-needed service? Are you sure that the other one is wasting time? Is it likely that he is? Why?

Personal Satisfaction from Service. — It has just been learned that people have the right and duty to serve through work. Now it may be added that individual well-being is to a certain extent dependent upon the exercise of this right and duty. It is very doubtful if a person can go through life on money which has been left him by relatives or friends, without rendering service on his own account, and still maintain his complete self-respect and feel fully satisfied with his life.

Most people who are in good health, especially during their more active years, find it necessary to have outlets for the energy which they possess. They must be doing something. Of course, there is always the opportunity to play tennis, to play golf, to fish, to hunt, and to participate in other pleasurable types of activity. But the person who does nothing else except play for the sake of gratifying his own personal desires, or to while away time which is not actually needed for work, is quite likely to become dissatisfied and thoroughly discontented.

It must be remembered that for the most part people play games, hunt, fish, etc., for their own personal gratification. To do this sort of thing all the time tends in the direction of selfishness. Selfish people, as we have already seen, are not likely to be very desirable members of society. Character suffers through

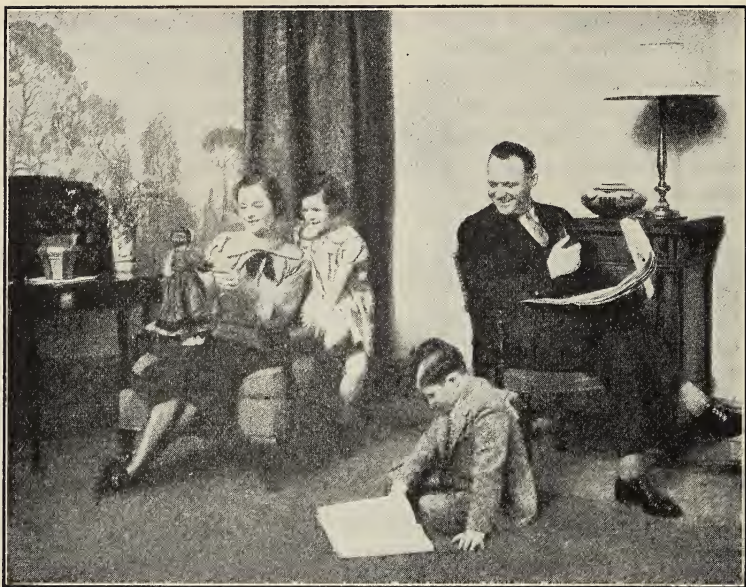
the continued indulgence of our own desires. Sacrifice still seems to be necessary in rounding out a good strong character. It is not necessarily required that we sacrifice to the point of suffering. It is required that we give up some portion of our time, and spend some part of our energy, in the service of others if we expect to get real satisfaction out of life. There should be and usually is personal satisfaction in service. If that satisfaction is not felt at the outset, it can be acquired.

Play and Work. — Young people may prefer to play rather than to work. This perhaps is natural. Also perhaps it is desirable. It would be economically unfortunate if all young people should feel a very strong urge to go to work at an early age. This would deprive others of jobs which they need, and at the same time deprive these young people of the education which they should have. But as time goes on and young people reach the age of maturity, it is natural and best that they turn to some economic activity. For various reasons, it will be much better for our country when all such people turn to their economic activities to serve their fellow men, rather than to earn wages for their own personal satisfaction.

Work is a great blessing, but too much of it, for economic reasons as well as for personal reasons, is as bad as no work. Society is at present trying very hard to establish a system of economic life which will enable each individual to do as much work as he should do and to get the largest possible satisfaction out of doing this work because of a belief that in doing it he is rendering valuable service to others as well as to himself. It seems important that we should keep in mind the right and duty to serve, to work, as well as the fact that we need to work to maintain ourselves under existing economic conditions.

Family Well-Being through Service. — For many years the family has been the important social unit or group around which all other groups have been developing. The family has played an important part in the development of social institutions and probably will continue to play an important part in the future. Therefore, it is important that the family as a social unit shall be continued and maintained on a proper economic basis.

If the family is to continue to be an important group among social groups, it is necessary that the family, as well as the individual members of it, shall have what we have called economic security. In other words, the family must be provided with the necessary means to purchase the things required to maintain a reasonably high standard of living. There must be adequate and proper food, clothing, and shelter. But in addition there also must be opportunity for the development of home life, the enjoyment of the good things of life by the members of the family, and participation in various social, civic, religious, and

*Armstrong Roberts*

Can you be sure that this family is living economically? Why? What are the evidences that it is having no economic difficulties? Are these children too young to hear about economic matters of interest to the family? Explain.

other activities carried on in the community in which the family lives. Members of the family should be able to travel, enjoy music, and otherwise get real satisfactions out of life. It is not enough that the family shall be provided with food, clothing, and shelter. Economic security for the family means more than this. It means that the family shall find it possible not only to meet these bare necessities, but also to provide its members with many other things which make for the development of character and fine living.

Conveniences and Comforts of Life. — It also must be remembered that economic security means that for more people, and for more families of which they are members, there shall be available what in the past would have been regarded as luxuries. It is not too much to expect that every family will have a radio; that those families who can use them will have other musical instruments; that the family will have an automobile to use for pleasure and business; that the family will be able to afford laborsaving devices such as vacuum cleaners and other household utensils; that the family will live in a good home, not merely a shelter; that the family will have a well-heated home, perhaps

one heated by the best known methods; that the family will enjoy such improvements in home construction, furnishings, and maintenance as have been shown to be desirable.

It is not necessary, nor is it desirable, that every family, or perhaps any family, should live in a palace. It *is* important that every family shall live in a good, substantial, convenient, comfortable, and sanitary home. It is not important that every family shall be able to send its members to the uttermost parts of the earth merely to gratify their desire to see places. It *is* important and desirable that every family shall be able to give to its members a reasonable amount of travel opportunity to add to their education and to make them better able to understand other people outside of their own immediate circle of acquaintances. It is not important, nor is it desirable, that every known laborsaving device shall be installed in every home. On the other hand, it *is* desirable that those who do the work of the home shall be spared as much of the drudgery of it as is possible under sound economic conditions.

Economic Security through Service. — If the kind of economic security about which we have been thinking for the family is to become available to all families, the right to work and the duty to work must be maintained and used at all times. The government should do everything in its power to prevent economic depressions which deprive families of their means of support. The government should do all in its power to prevent the loss of life savings through the failure of banks, and the loss of money through unsound investments. Individuals likewise must



Which of the two families represented here has the higher standard of living? What makes you think so? Might these two families be equally thrifty? Explain.

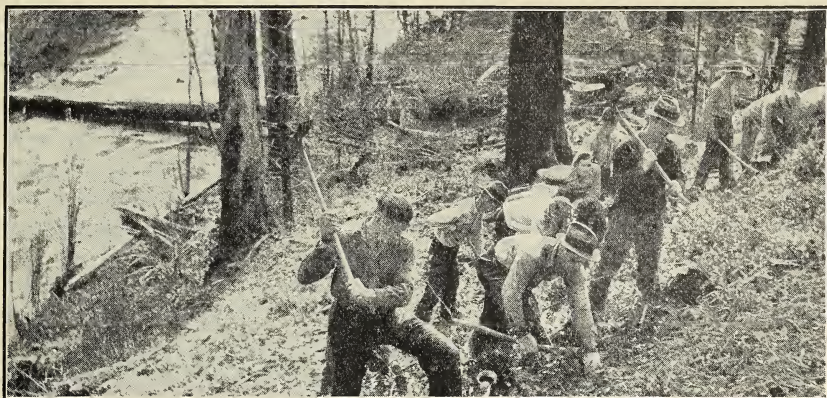
do everything possible to insure the economic security of those who are dependent upon them. There must be work, and earning, and saving for the future if economic security for the family is to be provided. It is not enough to have the right to work and save; it is necessary that that right shall be exercised. There is as yet no known means of providing for a family the economic security to which it is entitled except through the medium of service, sacrifice, and co-operative effort on the part of its members.

Community Benefits of Service. — In Unit 3 we talked about the social benefits of economic living. We tried to make it clear that as the individual lives, so will the social group prosper; that the social group from an economic point of view is only as sound as are its individual members. We do not need to discuss this matter at great length at this point. However, it should be helpful to point out the fact that the right kind of service on the part of individuals always results in social benefits. The service rendered by people who build our roads certainly results in benefits to the social group as a whole. Service rendered through the medium of the Red Cross and similar activities surely results in benefits to those who are the victims of catastrophes and other circumstances over which they have no control. Those who serve through the medium of charitable institutions, welfare organizations, etc., certainly benefit people who are aided by the services rendered by these organizations. But more than this, the social group is benefited by being relieved of the necessity for doing this work at public or government expense.

People who serve through Boy Scout and Girl Scout activities certainly benefit society through their service because they are insuring that future adult units of the social group shall be well prepared for certain aspects of normal life. In other words, boys and girls, the men and women of the future, will be better because of this service. And since a social group can be only as good as the members who constitute it, any service which makes these people better is a great benefit to society as a whole, as well as to the individuals who receive the service.

Those who serve in public office, if they are honest and competent in their work, assure benefits to society as do those who work and serve in a private capacity. Those in wage-earning employment likewise are serving society if the things they make or the services they render can be used to advantage by other people. As this is the case with most productive labor, it may be safely said that society very greatly benefits from each bit of service rendered through wage-earning work done by individuals in any worth-while enterprise.

National Benefits of Service. — If the immediate locality in which an individual serves is benefited by his service, the larger group known as the "nation"



Galloway

What is a Civilian Conservation Corps camp? What is the purpose of this camp? Is it intended that young people shall continue through life in such camps? Why? Who pays the cost of these camps? Why are people willing to pay for such activities?

also benefits. Since in economic affairs no group is more secure than are its members, it should be clear that individual and social well-being resulting from economic living also benefits the nation as a whole. Service or work which benefits individuals, and through them benefits local social groups, also benefits the whole nation.

It is not possible for each locality to consider its own needs and the greatest degree of economic security for all the people of the country until all the people of the country think *nationally* as well as *locally*. Of course, it is proper for people to consider first the needs of those nearest to them, but it should not be our practice to consider first the needs of our friends and neighbors when in meeting those needs we are depriving others of the things they require. New England cannot prosper as a section of the United States unless the country as a whole is prosperous. Therefore, New England should be willing to contribute its share of service for the good of all. The Southern states cannot be prosperous unless the country as a whole is prosperous, and therefore these states should be willing to contribute their share of service to the common good. The same is true of the Middle West, the Far West, and of every other known section of the country.

Service that is sound service will benefit not only the immediate locality, but also the nation as a whole. Any service that is detrimental to any remote part of the country undoubtedly will be detrimental to the local community in the long run. There may be temporary benefits, but these benefits cannot last long. Each section of the country is dependent on other sections for many of

the services which it needs. In turn, each section of the country should render services to other sections of the country in accordance with their needs.

As a general rule, it may be said that any kind of service or work which does not benefit the social group of which the worker is a member, and in a small way at least the larger national social group of which he also is a member, is a type of work or service which probably should be discontinued. That type of work or service which benefits the immediate social group and larger national social group undoubtedly is the best type of work for individuals to do. Not all kinds of work or service will result in an equal amount of benefit to the people who are served. But that there should be some measure of benefit to society from all types of work is beyond question. The amount of benefit that results from work or service may vary in the cases of different people or in different communities, but the fact of such benefit, be it large or small, may not be denied.

Which are true?

52

Be prepared to discuss the following statements. Which are true? Which are false?

1. I am thirty-five years old and have all the money I need; I can play the rest of my life.
2. People usually play games to benefit others.
3. In youth co-operative games help to build strong character.
4. Play alone, without work, tends to weaken character.
5. The money we get for the work we do is the most important thing we get out of work.
6. Work is a great blessing and one cannot get too much of it.

Individuals and families

53

1. The single individuals of any community usually are of less importance to that community than are the families within its borders. Why may this be so? List some of the things the family does for a community. How many of these things does the average individual do?

2. Why is carefully planned economic living more important to the family than it is to the individual? Does this mean that individuals may be careless about their economic affairs?

Economic security

54

1. What is meant by standard of living? High standard? Low standard?
2. List ten things which people ought to be able to enjoy, during their working years and later, in addition to food, clothing, and shelter.

3. The United States Government guarantees bank deposits up to a certain amount. What does this mean? What does it have to do with economic living? Who benefits by it?

4. Savings banks are required by law to invest their money only in certain ways which are thought to be safe. Why is this? What has it to do with economic living? Who benefits from such laws?

How do they serve?

55

List some of the ways in which each of the following workers serves the community in which he works and the larger community of the state or nation.

- | | |
|------------------------------------|-----------------------------------|
| 1. Grocery merchant | 6. Boy Scout troop leader |
| 2. Manufacturer of mechanical toys | 7. Director of American Red Cross |
| 3. Manufacturer of automobiles | 8. Policeman |
| 4. Manager of a hospital | 9. Milkman |
| 5. Mayor of a city | 10. Y.M.C.A. secretary |

What about this?

56

Some Congressmen are said to be more interested in their *constituents* than they are in the rest of the country's population. They are said to introduce bills for the sole benefit of those who elect them. They are accused of voting against bills which their constituents do not like even when such bills seem to be best for the country.

What does the word "constituents" mean? Whom should members of Congress represent? Why?

Why should the national government help people in poor sections of the country attain economic security? Give several reasons.

57

Can you use these words? Put them into sentences. Use them to tell an economic fact.

- | | | |
|-----------------|-----------------|-----------------|
| 1. adequate | 7. energy | 12. maintenance |
| 2. catastrophe | 8. investments | 13. maturity |
| 3. charitable | 9. labor saving | 14. prosper |
| 4. constituents | 10. locality | 15. sanitary |
| 5. discontented | 11. luxuries | 16. system |
| 6. drudgery | | |

58

1. *List*

- (a) The different kinds of rewards which an individual receives for the work he does for a living.
- (b) The different kinds of rewards which a family receives for the labor of the head of the house.
- (c) The different kinds of rewards which a local community receives for the labor of its people.
- (d) The different kinds of rewards which a nation receives for the labor of its people.

2. A woman earns \$1,200 a year. During the year she has saved \$400. She makes a trip across the country and spends the \$400 in two months. Upon her return she finds the following unpaid bills:

Department store charge account	\$18.70
Rent for her home	60.00
Unpaid light bill	4.20
Unpaid gas bill	2.10
Insurance bill	40.50

- (a) How much money does she owe?
- (b) What per cent of her year's salary did she spend for her trip?
- (c) What per cent of the money spent on her trip should have been saved for her bills?
- (d) Was this person wise to make this trip? Why?

3. To make sure that the income of a certain household is spent wisely, a tentative schedule of spending is made. A "pie" chart like the one below is drawn. At the end of each month the household makes a second chart showing how much actually has been spent.

DIAGRAM 1

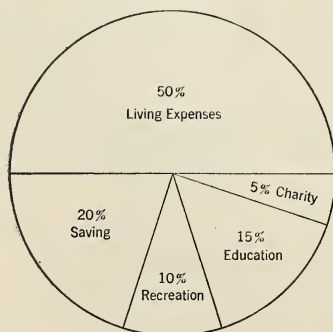
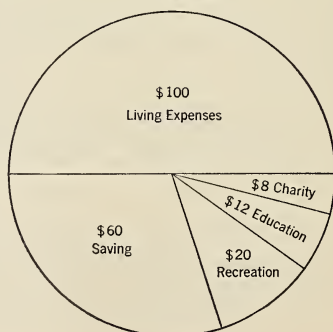


DIAGRAM 2



- (a) What is the total income?
- (b) What per cent is spent for saving?
- (c) How does this compare with the schedule?
- (d) Why does it differ from the schedule?
- (e) What per cent was spent for living expenses?
- (f) How does this compare with the schedule?
- (g) What per cent was spent for recreation?
- (h) How does this compare with the schedule?
- (i) What per cent was spent for education?
- (j) How does this compare with the schedule?
- (k) What per cent was spent for charity?
- (l) How does this compare with the schedule?
- (m) Would you suggest changing the original schedule? Explain.

4. "A vacuum cleaner cleans quickly" is a sales slogan often used. In a home where rugs are used in abundance, it always is the duty of the boys to take the rugs outdoors to be swept and beaten. It takes half an hour to remove the rugs and two hours to sweep and beat them. A vacuum cleaner will do the job in thirty minutes.

- (a) How much time is spent under the old plan?
- (b) How much time is saved by using a vacuum cleaner?
- (c) What per cent of the time spent under the old plan will be required to clean the rugs with the cleaner?
- (d) The boys receive \$.50 for cleaning the rugs. A vacuum cleaner costs about \$.75 a week for electricity and depreciation. Which is more economical? Why? Are there any other considerations besides money cost?

UNIT 9

RIGHT CONDUCT IN ECONOMIC LIVING

Honesty in Economic Living. — We have been talking about the nature of economic living; also, the benefits to be derived from economic living by an individual and certain social groups such as the family, the school, the community, and the nation. From what has been said, it should be clear that people do benefit from living economically. There is another side to this matter, however, which should receive brief attention. We should not live economic lives merely because we, as individuals, or as members of a family or other social groups, benefit from this sort of living.

We owe it to others to help them in every possible way to get out of life the most contentment, happiness, and physical and spiritual well-being. In other words, we must not be selfish in any way, since such selfishness usually is harmful to others. Thus it will be seen that we should ask not merely whether or not certain economic practices are best for us; we also should ask whether or not these economic practices are best for all people who are concerned in what we do. Is it right that we have this or that thing? Is it fair to others? Have we earned the right to have the things which we enjoy? Have we made our full contribution to the happiness and economic well-being of others whose lives come into contact with ours?

It is not intended to indicate by what has been said above that a person must deny himself all the good things of life just because other people do not have them. It is right that people should enjoy all of the good things which they can afford. It is wrong that people should enjoy things at the expense of other people. In every economic or business transaction there is an element of right and wrong. In our dealings with others in economic matters we always should be sure that we are dealing honestly, that we are not taking advantage of others in any way. We should be fair and honorable in all of our business dealings. We should expect others to deal honestly with us. We should refuse to do business with those who are known to have cheated others or to have cheated us. We should frown upon all economic dishonesty, whether it be in relation to the prices of things we buy, the quality of goods we purchase, or the payment which we receive for services rendered. We should learn early to

recognize dishonesty in business dealings when we come into contact with it. We should take advantage of no one and permit no one to take advantage of us. It is even more important that we live honest lives than it is that we live economic lives. The desirable thing is that we shall live honest economic lives; not that we shall be merely honest or merely economical in our living.

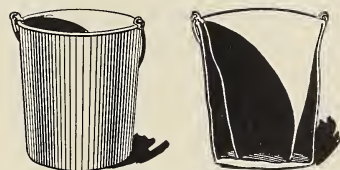
Right and Wrong in Economic Matters. — It is easy enough to determine that we will live honest economic lives. It is not so easy to know just what is right and what is wrong in economic matters. There is an old business maxim which is expressed in Latin. It is "*caveat emptor.*" This phrase means that every buyer of goods who has an opportunity to examine them, and who chooses to rely upon his own judgment, shall assume full responsibility for the outcome of the transaction. For example, when you go into a store to buy merchandise and buy something without asking the salesperson to guarantee its quality, you are relying upon your own judgment as to quality. The law says that you may not blame the salesperson if the quality is not what you think it is. Later we shall discuss this sort of transaction a little more fully. Just now it is enough for our purpose to point out that, while the salesman is not bound to tell the purchaser all the facts about the thing sold, since he has a chance to examine it, right living in the truest sense requires that a salesman shall reveal any defects which are not readily apparent to the purchaser.

Right Ways of Doing Business. — We all recognize that the salesman should not make false statements about things he is selling; that he should not try to make a buyer believe that the thing under consideration is what it is not. But it is not so easy to understand that a salesman should point out defects in his goods, or that he should explain to the purchaser that a thing is not what he evidently thinks it is; especially when the salesman is not asked any questions by the buyer. Merchants whose integrity is above question will take no such advantage of an ignorant buyer, or even of a careless buyer. If a customer indicates that he is misjudging a piece of goods which is being offered him, the salesperson in an honestly-conducted store will clear up the matter and explain exactly what the goods are, so that there may be no misunderstanding or later dissatisfaction. This of course has been found by businessmen to be good business. But the right kind of businessman will not follow this practice merely because it brings him more business; he will follow it because it is right that he should do so.

A merchant who, for example, sells a watch as a gold watch without telling the customer that it is merely a plated gold watch is practicing deception; especially if the price which he is asking is more than should be asked for a plated article. A merchant who sells a garment as being "all wool," knowing well

that it is "shoddy," that is, poor or reclaimed wool, is taking advantage of the customer and is not being ethical in his economic dealings.

It is not always the merchant who practices dishonesty in his dealings; frequently the buyer takes advantage of the merchant. For example, a buyer notices that the wrong price tag has been put on a piece of silk goods, thus offering



Here are two receptacles which have been used to give buyers short measure. See if you can tell from the drawings at the right showing the insides of these receptacles just why they are not full size. Economic living requires that people be on the lookout for such measures.

the silk for half of what it is worth. He insists that he shall have these goods at the price named on the card, because the card is attached to them. This is practicing dishonesty in economic matters. The individual who buys a garment, takes it home to examine and try on, wears it to a social function, and then returns it because it is "unsatisfactory," is, of course, unethical in his economic practices.

In this connection it must be remembered that such practices as are mentioned in the preceding paragraph are unfair, not only to the merchant but also to other customers of this merchant. This is so, for example, because a worn article must be sold for less and the loss thus sustained must be passed on to other customers in the form of higher prices

for the things they buy. Furthermore, such dishonest practices tend to undermine the character of those who resort to them. No good can come to anyone from such practices.

Wrongs in Business Affect All. — It is known to merchants and to others that the cost of dishonest practices in economic matters on the part of individuals is extremely great and that such cost always is borne by society in general. Whatever increases the cost of doing business, increases the cost of goods and services to customers. Whatever is an economic disadvantage to a customer is a disadvantage to society as a whole, or at least to the social group of which the customer is a member. This is true because a practice which affects one customer usually affects all customers. In every community a great majority of the people are customers of the smaller neighborhood stores and of the larger central stores which serve the community. Therefore, anything which causes loss to these stores causes loss to those who patronize them.

Community Loss through Economic Dishonesty. — There is another way in which society suffers through economic dishonesty. The people in your com-

munity who pay taxes directly or indirectly pay for the school in which you are now a pupil. If through dishonest economic practices too much was paid for this school building and the equipment which it contains, of course society has been the loser. If the contract for the school was more than it should be, or if the materials used were not what they were supposed to be, in the end it is those who pay the bills who suffer. This of course means the taxpayer.

Any considerable number of dishonest individuals in a small community will undoubtedly cause large losses to those who do business with them in that community. Thus it will result in the end that everyone will suffer in economic ways. There will be losses which will be spread over the entire group, and thus innocent people who live absolutely ethical economic lives will suffer along with those who do not. There is no escaping the fact that any dishonest practice which is indulged in by individuals in the end is a detriment to everyone in a community.

Family Loss through Economic Dishonesty. — What has been said about community losses through dishonest living can be said, of course, about family losses through dishonest economic dealings. After all, the family is but a small social or community group. What affects the family and community must affect the individual members of both groups. The head of a family should provide the necessities of life and as many of the luxuries as are within his means, for those who are dependent upon him. Since in the long run unethical practices in economic matters are likely to bring losses to those who are dishonest, it should be clear that the head of a family who is habitually dishonest in economic dealings is likely to become unable to continue as the supporter of his family. Such a head of a family will lose his credit. He may lose his job. He may be unable to get work and thus fail to earn the necessary income for the support of the members of his group. He even may become dependent on other members



Here are two neighborhood stores. Which is well managed? What makes you think so? Doesn't it cost more to keep a store like the one above? Explain. At which store would one prefer to trade in the interest of economic living?

of his group. Relatively few people who engage in dishonest practices in economic matters can continue to provide the things which their families need.

One of the worst aspects of the situation in which the head of the family is guilty of dishonest or fraudulent economic practices is that others in the family may be influenced to become likewise dishonest. It is easy to take on the habits of those around us. The economic life of the family should be above reproach. All members of the group should co-operate with each other in getting the most out of the resources which they have. No member of the group should by dishonest methods try to get any advantage over other members of the group, or over any individual outside of the group. In other words, it is only as we recognize our mutual dependence on each other in economic matters that we are likely to live sound economic lives which will bring the happiness, contentment, and security which we have a right to expect.

Personal Losses through Economic Dishonesty. — It should not be necessary to dwell further at this point on the advantages of economic honesty to the individual. His self-respect depends upon it. His happiness depends upon his self-respect. His character is largely formed by the nature of his dealings with his fellow men. The trickster in economic matters is bound to be one of unsound character and one who is of little value to himself or to his community. It has been shown that no permanent benefit can be secured through dishonest practice, even though a temporary benefit may be derived from a single bit of trickery in an economic transaction. "A good name is rather to be chosen than great riches" is as true today as it was hundreds of years ago when it was first stated as a guide for honest living in economic matters.

Deal Fairly. — In every economic transaction try to get your money's worth, full value for what you pay. Insist upon being given the goods or services for which you pay. Strive to secure a reputation for honest dealing. Never resort to trickery. Give and expect full value in every economic transaction. Never take advantage of another in a deal. Remember that an honest profit derived from a transaction is well within the meaning of ethical economic dealing, but that a profit far beyond what one has a right to expect is unethical and unlikely to bring any permanent advantage or satisfaction to those who take it.

When you work for others, do not cheat them out of the time and service to which they are entitled. When others work for you, expect that they will give full measure of service for what you pay them. When you measure out goods to others, be sure that the measure is a full and honest one, and expect that others will do the same by you. Do not cover up important facts in an economic transaction, even though you are not asked to reveal them. Be honest. Do not take advantage of any law or other means of escaping your duty to be fair with

others. Remember that honesty in all economic matters with which you have to do is essential to the development of sound character which should insure a happy, prosperous, and contented life. Dishonesty in economic matters probably will place anyone as an individual, sooner or later, in a position of dependency on some other individual or group for the economic necessities of life. It is impossible to be continuously dishonest and not be found out. It is impossible to be found out without risking the loss of the means of acquiring the economic things which are needed for the maintenance of life on a decent level.

Why object?

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Some people object to one's being honest because it is the "best policy." Just what does "honesty is the best policy" mean? Why should anyone object to this as a reason for being honest? Can you give any other reasons for being honest in economic matters?

Gambling

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1. Gambling, besides being illegal in many places, is economically wrong. Is it good for one to be trying constantly to get something for nothing? Why?

2. Even though a certain person can gamble occasionally without losing more than he can afford, or forming the habit of gambling, should that person favor gambling as a legal practice? Why?

Do you know?

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How many of these questions can you answer? Try to find the answers you do not already know. Be prepared to explain your answers.

1. Should people go without things because others cannot afford them?
2. Am I required to help others in their attempts to live economic lives?
3. Is it easy for one to live economically if most of one's friends and associates live extravagantly?
4. Should people enjoy all the good things of life which they can afford?
5. Why should I mention a defect in something I am selling if it is not noticed by the one who is buying?
6. What is the best thing to do when it is discovered that one with whom you have had dealings is dishonest?
7. Is it not fair for me to cheat a man who has cheated me?
8. In dealing with others am I doing all that is required of me when I keep within the law? Is it right to cheat if it can be done without breaking the law? Why?

9. Who loses when clothes are purchased, worn, and then returned as unsatisfactory?

10. What is meant when it is said that a merchant always passes his losses on to his customers, even though such losses were the result of dishonesty on the part of only one customer?

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Would you do these things?

Here are some business transactions. What do you think about them? In each case who is injured most? Who else is injured? Is there anything smart or right about any of these transactions? In each case be sure to say whether or not the one whose conduct is in question got any real economic benefit out of the transaction.

1. John delivered a five-cent magazine to a customer who gave him a ten-cent piece in payment expecting change. John did not have a nickel but said he would bring it later. He did not return with it.

2. George was hired by Mr. Wallace to keep his walks clear of snow while he was away for the winter. George left the snow to melt but sent Mr. Wallace a bill for shoveling. Others in the neighborhood also left their walks unshoveled.

3. Mr. Wilson found a way to use gas for cooking without letting it pass through the meter, thus saving one half of his gas bill. He said the gas company charged too much anyway.

4. A car owner ran over a sharp-pointed rock and cut his tire so that it blew out. He let the tire dealer who sold it to him think it was defective and accepted a new tire in exchange for it. When telling about it he said, "The tire company is a big, rich one and can stand the loss better than I can."

5. A plumber agreed to put in copper pipes for a customer. The customer being away from home and brass pipes being cheaper, the plumber decided to use brass instead of copper.

6. Charles bought and paid for five school notebooks. When he opened his package he found six but did nothing about it because, as he said, "The extra one never will be missed."

7. Mrs. Jones sent a dress to the cleaners. When it came home, there was a piece of cloth just like the dress in the package. Mrs. Jones said: "It's their mistake. Why should I go to the trouble of returning it? Let them be more careful next time."

8. Horace was given a dollar to pick up and take away some pieces of wood scattered on the ground around a new house. He sold the same pieces to his father for one dollar but did not mention the other dollar.

Are they?

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People who insist on getting their "money's worth" for every cent they spend often are called *misers*, or *shrewd bargainers*, or *stingy*, or *close*. Think this matter over. What, if anything, is wrong with the practice of getting one's money's worth whenever money is spent?

What should you do?

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1. If, when you accept employment, your employer asks you to engage in dishonest practices in connection with your work, what should be your answer?

2. What risks would you take if you should decide to keep such a position and agree not to notice the dishonest practices of your associates while refusing to be a party to such practices?

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Here are some more words for your vocabulary. They help you review the principles you have just studied. Put them into sentences. Continue to check those you know without looking up.

1. <i>assume</i>	8. <i>fair</i>	15. <i>permanent</i>
2. <i>cheat</i>	9. <i>fraudulent</i>	16. <i>prosperous</i>
3. <i>contribution</i>	10. <i>honesty</i>	17. <i>riches</i>
4. <i>customer</i>	11. <i>honorable</i>	18. <i>sustain</i>
5. <i>deception</i>	12. <i>judgment</i>	19. <i>trickery</i>
6. <i>detriment</i>	13. <i>maxim</i>	20. <i>wrong</i>
7. <i>ethical</i>	14. <i>mutual</i>	

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1. If you buy shoddy clothing for \$30, thinking that you are getting high-grade, all-wool clothing and find that it wears only one fourth as long as it should, how much have you lost on the transaction? Who loses by the transaction besides you? Think of several who may lose something.

2. List the people who lose through cheating practices in business in addition to those directly concerned.

3. List the ways in which a dishonest person loses through his dishonesty. Try to list these ways in the order of their importance.

4. In the end what usually happens to a dishonest business?

5. Does the failure of a dishonest business restore the losses to people who have done business with it?

6. Suppose that a shoe manufacturer's monthly payroll is \$28,400.

- (a) If 5,680 pairs of shoes are made each month, what does each pair cost the manufacturer for labor?
- (b) Labor is 70% of total cost. What does each pair cost?
- (c) To make a gross profit of 20%, for how much must he sell each pair?
- (d) If on the average 10% of his men's time is wasted by shirkers, what will be your loss on a pair of these shoes costing \$10, because of this shirking?

7. A hardware store in a small town has established a dual reputation: First, that goods are higher; second, that service is excellent. The owner always adds 5% of the selling price for service. In spite of the higher prices his business is good.

- (a) Why is his business good?
- (b) What is his sale price for an article that would ordinarily be sold for \$1.20?
- (c) A builder buys goods amounting to \$264.20. How much of this does he pay for service?
- (d) Is this excessive? Should a store be paid extra for this service feature? Explain.

8. The owner of a dress shop decides to perk up his business. He places expensive dresses in his store window and marks them at a low price. In his store he has many cheap dresses which he also intends to sell for that price. He is very careful to keep a record of what happens.

One out of every five customers buys the cheap dresses. Four out of every five recognize the difference in value and leave dissatisfied. Two out of every twenty show disgust at the trick. One in every fifty threatens to have the police investigate this fraud.

- (a) Of 400 people who are lured into the store by the window display, how many buy cheap dresses? What per cent?
- (b) How many threaten to call the police?
- (c) What per cent recognize the deceit?
- (d) Does this scheme help his business? Discuss.

9. A grocer carries canned goods at these prices: \$10, \$12, and \$16. The contents of the cans are eight ounces, ten ounces, and sixteen ounces, respectively.

- (a) What per cent more food can be bought for \$12 than can be bought for \$10?
- (b) What per cent more money is paid for the ten-ounce can than for the eight-ounce can?
- (c) Which is more economical? What per cent more?
- (d) Should grocers tell customers about these matters? Discuss.

UNIT 10

PERSONAL TRAITS ESSENTIAL TO ECONOMIC LIVING



Does dishonesty ever pay? Should one be dishonest even if it does pay? Why? Mention several bad effects of the dishonesty shown in the pictures.

Importance of Good Business Traits. — The kind of person you are will determine the kind of economic life you live. For example, if you are stingy, the “pinchpenny” type, you are not likely to do very well financially. You will have some money but will not be able to make very good use of it. Since it is not put to good use, it will shrink in time.

If you are extravagant, you will do no better. You will have little money, seldom enough for your immediate needs.

If you are dishonest in money matters, you will lose the confidence of others, and without their confidence and help you cannot get very far with your economic life. You will be shunned by those who otherwise would do business with you. In our personal economic affairs dishonesty never pays in the long run, although it may seem to in connection with a single transaction.

If you would succeed in economic living, you must find out what traits will help you most and then try to develop these traits from day to day. It is doubtful if any boy or girl starts out with all of the essential business traits fully developed.

It is not enough to know what traits are desirable; right habits must be established through persistent practice. Since this is true, the earlier one begins to develop these traits the better for one's economic life. Now is the time to begin to think about these things. Do not put it off. It need not be a burden-

some practice. To strengthen the good traits we possess and create new ones, may become quite interesting if we go about it in the right way.

A Short List of Traits. — The first step to take is to list the more important business traits which you should develop. The list should not be a long one. A few of the fundamental traits will do. Later other traits may be added. Only those which have a direct bearing on economic living will be included. The following list indicates which ones should be stressed at the outset. Your teacher may want to suggest others. Your parents and older friends may have suggestions to make. But these few will give you a good start in your thinking about this matter.

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|-------------|------------------|----------------|
| 1. Honesty | 4. Ambition | 7. Industry |
| 2. Fairness | 5. Determination | 8. Imagination |
| 3. Loyalty | 6. Initiative | 9. Accuracy |

These are not all of equal importance, but each has a part to play in the achievement of that economic security which we all desire, both for the present and for the future.

Meaning and Use of These Traits. — *Honesty.* — Honesty already has been discussed. It should be practiced in your every business or economic transaction; not just because it pays — and it will — but because it is right.

Fairness. — If you would have others deal *fairly* with you, you must deal fairly with others. Try to understand the other fellow's point of view and



What trait is shown here? What reward is this boy sure of even if the woman gives him none?

interests in every transaction. Do not try to take an unfair advantage of a person with whom you are dealing. Earn a reputation for fair dealing. Do not resort to trickery or sharp practice in any business transaction. Do not do business with others who must be watched carefully lest they take advantage of you. There are plenty of honest, fair-minded people with whom to deal. Seek them out and patronize them. Let the trickster alone. It usually is easy to distinguish the

one from the other; but do not take chances. Be sure you know a person before you have important business relations with him.

Loyalty. — As a member of various groups you should be loyal to them. Any group that is worth belonging to is worthy of your *loyal* support. Loyalty to your students' association requires you to pay your dues and otherwise financially support its activities. Loyalty to your family demands that you



What traits are suggested by the first picture? What traits does the second one suggest?

co-operate loyally with its other members in reaching a sound economic goal — in getting the most possible out of the family income. Loyalty to your school requires that you use its facilities carefully and avoid unnecessary damage to its property.

This is enough to illustrate that loyalty is an essential trait where economic dealings are concerned. Do not shirk your responsibility in connection with the economic affairs of any group to which you belong. Only thus can you hope to win the loyal support of your fellows in your personal economic affairs.

Ambition. — Before you can achieve economic independence or well-being you must become *ambitious* to succeed in your economic life. If you are indifferent toward economic matters, care little whether or not you have the desirable things most thoughtful people want, and are wholly resigned to your present economic standing, you will make little or no progress toward true economic living. And since almost every good thing in life is beyond the reach of those who live in poverty, one can easily see how narrow and unsatisfactory his life may become without an economic foundation of reasonable strength. Riches are not necessary to good and satisfactory living, but real poverty surely makes it difficult to get much out of life in any direction. Be ambitious to succeed in your business affairs to a point where you can enjoy the good things of life and help to put them within the reach of others less fortunate than you.

Determination. — Ambition alone is not enough; there must be *determination* also. Make up your mind to get ahead by every proper means. Do not let anything less important keep you from going straight ahead toward the goal of real economic security. Be determined about this matter.

Initiative. — Being ambitious to get ahead and determined to do so, do not wait for someone to give you a push toward your goal. Develop *initiative*. Start yourself on the right road. If you are stopped by reverses at any point, start yourself again. Keep going if possible, but if stopped do not wait for someone or something to get you going again. There will be many hindrances in your path toward economic living. You will earn money, save it, spend it,

lose it, and fall short of your economic goal many times, but be ready to start all over again if necessary. Initiative is necessary at the outset; it will be necessary all along your economic way.

Industry. — With ambition to arouse you, with determination to become successful in economic matters, and with initiative to start you off on your economic journey, you should go far, but if you lack *industry* you are likely to stop far short of your goal. Work and planning are necessary. As a worker and planner one must be industrious if one would succeed in economic life. Be industrious, but not a slave to work. Play too is important. Recreation is essential to good living. Take time for these things. But do not try to play or loaf your way through life. Be active and industrious except occasionally when complete relaxation is needed.

Imagination. — The trait called *imagination* is most valuable. All possess this trait in varying degrees. Try to increase and use it in your economic affairs. For example, if you are urged to make a purchase of something, try to imagine how this purchase will help you. Imagine yourself without the thing and then decide whether you are better off with or without it. This will help you to buy wisely.

Here is another way in which imagination may help. Can you imagine yourself twenty years hence living in poverty and want? Can you imagine how you might feel? How you might regret not having tried harder to live a sound economic life? Can you imagine yourself twenty years hence living in comparative comfort and happiness partly because you early adopted the economic way of living and saved for the future? Can you imagine your happiness in being able to do for those who need and have a right to your help? If you can imagine these things, you will be encouraged to learn all you can now about economic living as a means of achieving economic security in later life.

Imagination is developed through persistent practice in thinking ahead, weighing the consequences of our acts, and choosing between the good and the bad consequences of what we do from day to day. Try to develop this trait. It will help you in many ways.

Accuracy. — Another trait is listed — *accuracy*. It is quite different from the others. It has to do with the details of economic living and thinking. It prevents mistakes. Since mistakes of many kinds may lead to economic or financial loss, this trait of accuracy tends to prevent losses. It should be cultivated.

In dealing with figures, be accurate. In making statements, be accurate. In judging your financial needs at all times, be accurate. In deciding how much you should save, be accurate. In deciding what you can afford to have, be

accurate. In determining what you can afford to give to worthy causes, be accurate. In short, think carefully through every proposed transaction in which money plays a part and reach an accurate conclusion as to just what you should do. Never be careless in money-economic matters.

Accuracy in handling figures and records will be discussed later, and opportunity for practice in figure work will be given throughout this course. Here we have considered accuracy as something even more important than mere correctness in dealing with figures — right thinking, talking, writing, and acting in connection with our everyday business affairs.

So much for the importance and nature of these few personal traits in economic living.

Have We Developed These Traits? — Next we should consider ourselves in relation to these traits. Do we possess them? How much of each? How can we know?

There are two sources of help in making this self-appraisal of your traits. One is your teacher and the other is yourself. Your teacher has observed you in your schoolwork over a considerable period of time. He consciously or unconsciously has decided that Mary is industrious, while Susan is not; that John finds new work when what is assigned him is done, while George waits for the teacher to set him a new task; that Albert makes few mistakes in his work, while Charles is delayed by many errors; that Alice sticks to a job until it is done, while Grace gives up easily. Thus the appraisal goes on from day to day. Some teachers carry these judgments of pupils in their minds, while others record them on paper; but practically all teachers form opinions about the traits possessed by pupils. Almost no one can work in close association with other people for a long time and not form opinions about their personal traits. This is why it is desirable that good traits shall be formed. Bad ones are a hindrance to successful dealing with people in economic or business transactions.

No boy or girl need depend wholly upon teachers' judgments in this matter. Each can appraise his own traits if he really wishes to do so. By asking oneself certain questions often enough and answering them honestly one can get a pretty good idea as to whether or not he is honest in his dealings, accurate in his thinking and doing, industrious in the use of his time, loyal to his group associates, ambitious to excel, determined to get ahead, able to find things to do without help, and able to imagine the probable results of his conduct.

Some searching questions will be found at the end of this unit. They should be answered carefully as a beginning in the direction of self-appraisal of your traits.

How Can We Develop These Traits? — There is but one way to develop personal traits — *by persistent practice*. There is but one time to begin such practice — *now*. There is but one person who can decide the outcome of your determination to become the right kind of person to succeed in economic living — *yourself*.

You should regard every situation which arises in your school and out-of-school activities as an opportunity for the practice which alone will develop the traits mentioned and the habit of acting in accordance with them. At first it will not be easy to be constantly watchful of your conduct in the performance of your daily duties and on the playing field; but soon it will become natural and easy to check up on what you do in the light of what you have learned about personal traits which you need to use in economic living.

An important thing to remember is that bad or careless habits cannot be broken in a day; that good habits cannot be formed at once. These two things take time. One must not be impatient for immediate success. If there is a sincere desire to improve in the ways suggested, it can be done. The better economic life which should result makes the effort worth while. Why not resolve right now to make a start toward the development of those personal traits which will help you get the most out of your economic resources?

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Think about these things

1. What have personal traits to do with economic living?
2. A stingy person saves his money. Such a person should never be in want. In actual life, do you think that the stingy person is likely to be more successful in business affairs than is one who is not stingy with the money which he earns?
3. What about the extravagant person? Is he more likely to succeed in his economic affairs than is the stingy person? List as many reasons as you can why one who is extravagant is not likely to succeed in achieving economic security in later life.
4. Make a short list of the groups of people that have a claim on you for financial support. You might start with the family of which you are a member, and then include those that are in need of your assistance in various ways.
5. We often hear the statement about someone that he is "too ambitious." If being ambitious is a desirable trait, how is it that one can become too ambitious?
6. What is the relationship between "determination" and "stubbornness"? Can one be sufficiently determined and still not be stubborn about one's business relationships?

7. Can one be industrious at play? Or is it necessary to be engaged in profitable work to display the characteristic of industry? In studying this trait, consider how it might become harmful rather than helpful in economic living.

8. Businessmen often say that "the cornerstone of business is confidence." Do you understand what this means? Does it have anything to do with honesty in economic or business affairs?

9. In the paragraphs which you have just studied there are listed a number of traits which seem to be important in connection with the study of economic living. Note the order in which these traits are listed. Try to tell why they are listed in this particular order. Are they listed in the order of their importance? Or in the order of the difficulty involved in developing them? Or in the order in which they are most likely to influence our business affairs?

10. As you have opportunity, ask your parents and friends to suggest other business traits which might be added to the list. Perhaps your teacher will want to suggest some additional ones for your consideration. Remember that there are a great many desirable personal traits, but that not all of them have as much to do with economic living as do those listed. Try to find out a little more about the personal traits of people whom you know to have been successful in their business affairs (this refers to their personal economic living rather than to their vocational business affairs).

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Make a list of personal traits which seem to be directly opposite to those which are included in the list you have just studied. For example, the opposite of *honesty* is *dishonesty*. Write opposite each of the other traits the trait which is its opposite. This should help you understand that if good traits are not developed, poor ones are likely to be developed in their places.

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What traits did he possess?

A short time ago a certain man — we shall call him Mr. Smith — found himself out of employment and with very little money to pay his necessary expenses. He went to see a friend who owed him \$500, but found that his friend had no money with which to pay the debt. However, the friend offered to give Mr. Smith a truck for which he had no further use. Mr. Smith agreed to accept this truck in partial cancellation of the debt owed him.

When Mr. Smith received payment of his debt in the form of a truck, what do you think he should have done? His personal business traits had much to do with his decision regarding his next step. See if you can tell what this decision probably was, and indicate the trait or traits which probably led to it. You

may not reach the right conclusion in this matter, but thinking about it should help you to understand better how personal traits play an important part in our economic lives.

70

What trait?

A professor of fine arts recently addressed a group of businessmen on what he regarded as the most important trait from the standpoint of economic or business life.

This professor of fine arts had had experience in business. He belonged to one of the most prominent families in the business world. At the time he spoke he had given up all connection with business and had interested himself in art — painting, sculpture, and so forth. The trait he named as the most important from the standpoint of economic living is included in the list of traits you have been considering. Try to pick out the one which this man probably selected; then try to give one reason why he selected this trait instead of the others.

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Why?

Thinking about desirable personal traits will never develop such traits. What is necessary to their development? Why is it that many people who appreciate the importance of these traits possess them in such small degree? Is it because the development of these traits is very difficult? Or is it because of some other reason? If you do not develop these traits, what probably will be the reason why you do not do so?

72

Am I?

Here are some questions you should ask yourself at the outset in trying to appraise yourself in relation to the traits we have been studying. You will not be able to write final answers to these questions at once. However, you should answer them as accurately as you can, with the understanding that, from time to time, as you have more opportunity to study yourself, you will be permitted to change your answers if you find that they are wrong. These answers may be written on a sheet of paper provided for the purpose, or in such other place as your teacher may direct. However, your answers should be recorded in such a way as to make it possible for you to review them occasionally as you progress through this course. In other words, you are expected to check up on these traits from time to time to find out whether or not the amount of them you possess is increasing.

1. Am I businesslike in my everyday business affairs? Do I keep my promises? Can I be depended upon to do my part at home, in school, and in all other groups with which I am connected?

2. Am I harsh in my judgments of others? Do I find fault with people for doing things which I do myself? Do I reach conclusions about people before I know very much about them? Do I try to understand them before I form opinions about them? Have I always been fair to others in my conclusions regarding them?

3. Am I loyal to the school I attend? Do I defend it at all times? Do I know its good qualities? Am I conscious of its defects, and am I interested in trying to overcome them?

4. Am I honest in all my dealings with people? Of course, I do not steal property, but do I tend to steal time from school or out-of-school work? Do I borrow paper or other school supplies and forget to return them? Do I try to make my teacher think that I have done more work in preparation for the day's class meeting than I have really done?

5. Is it easy for me to see the results of my actions before they take place? For example, if I agree to play ball with eight other boys at the end of the school day, can I see clearly the results of my failure to keep my promise? Am I able to look ahead to see what will happen if I do not do my work properly in this course or in other courses during the year? Can I see clearly just what failure would mean to me and to others who are interested in me? Can I see clearly just what success, in this and other courses, will mean to me and to others?

6. Do I find work to do and undertake to do it on my own account? Or do I wait for my teacher, classmates, or someone else to tell me what to do?

7. Do I want to get ahead, or am I content with a little progress? Does it make any difference to me whether or not I am doing better work or poorer work than are those with whom I am associated in my classes? Do I really want to make something of myself, or am I inclined to be content with a lower degree of success than I am capable of achieving?

8. Do I show a proper amount of determination in my undertakings, or do I give up easily? Am I willing that someone should help me before I have actually done everything I can to succeed in an undertaking? Do I start more things than I finish? Is it hard for me to stick to a job until it is done?

9. Am I accurate with figures, in speech, and in my written schoolwork? Or am I satisfied to be approximately right? Does my work have to be checked over by someone else before it is finally accepted? Or can the results I get be depended upon as being right because of the accuracy with which I do my work?

The questions under each number in this exercise have to do with a single

trait. If your answers to question 1 are not satisfactory, ask yourself this question: What trait is lacking? Treat the others in the same way.

Preserve your answers to the questions asked for comparison with your answers to similar questions later on in the course. Make up your mind now that you will do everything possible to make sure that when you answer these questions again, your answers will be more satisfactory to yourself. Several times every day, when you are considering your personal business matters, check up on how you handle them to make sure that no bad trait is interfering with your success.

As you start out on each day's work, it will be a good plan to call these special traits to mind and to resolve that during the day you will develop them in every way possible.

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Here are some more words that you ought to know. Make them yours if you are not already able to use them correctly without consulting the dictionary. Check the ones that cause you no trouble. Look up the others and put them in sentences having to do with economic living.

- | | | |
|------------------------|------------------------|-----------------------|
| 1. <i>advantage</i> | 9. <i>goal</i> | 17. <i>possess</i> |
| 2. <i>confidence</i> | 10. <i>immediate</i> | 18. <i>poverty</i> |
| 3. <i>consequences</i> | 11. <i>impatient</i> | 19. <i>reputation</i> |
| 4. <i>damage</i> | 12. <i>indicate</i> | 20. <i>resolve</i> |
| 5. <i>develop</i> | 13. <i>indifferent</i> | 21. <i>stingy</i> |
| 6. <i>dues</i> | 14. <i>industrious</i> | 22. <i>success</i> |
| 7. <i>extravagant</i> | 15. <i>initiative</i> | 23. <i>trait</i> |
| 8. <i>facilities</i> | 16. <i>performance</i> | |

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1. Prepare a chart like the following for use in checking up on your trait development from time to time.

TRAITS	FIRST DATE	SECOND DATE	THIRD DATE	FOURTH DATE	FIFTH DATE

Keep this chart where you can look at it frequently until you get this list of traits clearly in mind. Place in the First Date column your estimate of your own standing on these traits now, using one of four numbers — 1, 2, 3, 4 — to express the degree in which you possess each trait. If you rank very high in a trait, use 4; if you rank very low, use 1; if you rank fairly high, use 3; if you rank fairly low, use 2.

2. On subsequent dates chosen by your teacher you may rerate yourself on these traits.

3. Prepare a chart like the following for use in noting down any evidence that you are high or low in any of these traits. Keep it where it will be convenient for frequent use.

TRAITS	ITEMS OF CONDUCT BEARING ON THESE TRAITS
Honesty	10/4 Improper help on lesson. 10/15 Restored money found to owner.

Suppose that honesty is the first one on the list, and that on a certain day you gave help on a lesson which your teacher expected each to do alone. Note this fact as follows: "10/4 Improper help on lesson." 10/4 is a short way of expressing October 4. Use this form, when proper, to save space.

Suppose that on a certain day you find a sum of money which no one knows you have, and that you immediately find the owner and give him the money. Note this as follows: "10/15 Restored money found to owner."

As you see the bad items decreasing and the good items increasing, you will know that you are developing these traits. The habit of noting favorable and unfavorable items tends to help in the development of these traits.

Consult this record when rating yourself. One's memory usually is unreliable in such matters.

This record should be regarded as a purely *confidential* one for your use only.

4. Newton Kimball is a scoutmaster of Troop 3. Mr. Kimball is not a rich man. He cannot afford to buy everything he wants, and his scouting equipment is limited. He is very proud of his new uniform. It cost \$30. He wears it to all scout functions. His meetings are held in the local church. Each week on Monday evening he spends three hours with his troop. Scoutmasters get nothing for their services.

(a) If Mr. Kimball earns \$160 a month, what per cent of a month's salary did he pay for the uniform?

- (b) Why would a man spend all of that money when there is no monetary return?
- (c) If Mr. Kimball plans to devote twenty-seven hours each week to recreation, what per cent of this time does he spend for scout meetings? Is it likely that he spends more than this time in scout work?
- (d) In 1935, there were 222,096 men doing volunteer work for 721,937 Boy Scouts in the United States. What per cent of the total number of scouts is the number of men engaged in this work?
- (e) If each man spends three hours a week in scouting work, how many hours each week is spent by men for the betterment of boys?

5. Mr. Kimball has gained a reputation as a competent leader of boys. His church has appropriated \$210 for an activity director for the church. When confronted with the problem of selecting this director, many of the church leaders, impressed with Mr. Kimball's work with boys, his interest in the job, and his neat appearance, urge that he be given the job. He is unanimously chosen for the position.

- (a) What per cent of his year's salary is Mr. Kimball's pay as director of activities for his church?
- (b) Did spending \$30 on a uniform help? What per cent of the yearly wage as director is the cost of the uniform?
- (c) In addition to the money that Mr. Kimball has earned because of his work as scoutmaster, what other returns does he get for his time and effort?

6. Under certain conditions a bank in a large city decided to give an alarm clock worth \$4 to any person who opens an account with it. A person opening an account must pay for his clock, but if one year later a total of \$50 has been deposited, the \$4 will be added to his account. The account draws the usual interest.

- (a) Mr. Rand paid \$4 for a clock and by the end of eleven months had deposited \$50. When the \$4 was added to his account, he closed it out. What per cent of return did he get for the month he kept the \$50 in the bank, not counting the interest?
- (b) What does the bank think of this type of person? Compare him with Mr. Kimball's type.
- (c) Another man deposited \$1 a week for fifty-two weeks and received credit for the \$4. In addition, the bank gave him \$.80 interest on his deposits. How much did this man profit from his deposits? What per cent?
- (d) Did Mr. Rand do anything illegal? In which of the two depositors would the bank really be interested? Why?

PART III

MONEY AND CREDIT ESSENTIALS OF ECONOMIC
LIVING



Earning money and spending it; both require skill.

*Philip D. Gendreau
H. Armstrong Roberts*

UNIT 11

MONEY — WHAT IT IS



Explain what kind of transaction is shown in each of these pictures.

What Is Money? — Money is a very common thing. All boys and girls know what it looks like. They know how it feels when they handle it. They know something about what it will do for them. In fact, they may think that they already know all there is to know about this subject. But there is much more to be learned about it. As a matter of fact, money is one of the most important things in our economic life. It is used in many different ways which will be discussed later. At present we are principally concerned with what money really is. We are told that it is a “measure of value” and a “medium of exchange.” Let us now consider exactly what is meant by these two expressions.

Barter. — Before there was any money with which to buy things, people had to trade the things they possessed for the things they wanted without the use of money. A person who had been able to raise a few bushels of grain exchanged them for some article of clothing which he needed. An individual who had made a weapon traded it for food. This system of obtaining what one wants is called *barter*.

The difficulty with barter is that it is not always possible to find the person who has just the thing that one needs and who wants just the thing one wishes

to part with. Much time must be spent hunting for a person who will trade in a way which will be an advantage to both. This is uneconomical in the use of time and usually is unsatisfactory from every point of view. But it was a fairly satisfactory system many years ago when there were not so many people and when needs were fewer. When food, clothing, and shelter were the only things needed, it was relatively easy to procure them by means of barter. But probably there never was a time when it was as easy to procure needed things through this means as it is now to procure them through the use of money.

Money as a Medium of Exchange. — First, let us consider money as a *medium* of exchange. All that this statement really means as far as we are concerned in this course is that money is something which can be exchanged for the things we want. This suggests that money itself is not the thing which people want most. After all, it is not the money that counts, but the things which money will buy. We want food, clothing, and shelter. We want certain pleasures and recreations. We want to travel. We want many things for our comfort, convenience, and happiness. We learn very early that the way to get these things is to purchase them with money. Everyone, from early in life to the very end of his days, is concerned about money.

If a boy wants a baseball that sells for fifty cents, and has fifty cents, he is willing to make the exchange; but only if he wants the ball more than he wants something else. In the purchase of the ball the fifty cents is used as a medium of exchange. It is used as the means of getting what the boy wants most at the moment. Until the boy uses his fifty cents, it is not being employed as a medium of exchange. A miser buys nothing that he can avoid buying. He likes to see his money accumulate. He likes to feel it and count it. He seems to enjoy merely having it. It does him no real good; it does no one else any good. This is not the way money should be treated. As we shall see, it should be spent, or saved, or given away in accordance with a plan.

The chief reason why money can be exchanged for almost anything a person wants is the fact that everyone is desirous of accumulating money so that he may have the things he wants. Everyone is willing to part with things which he does not need if he can receive a proper return for them in the form of money. Once he has acquired additional money through the sale of something, he can buy more of the same thing to sell, or buy other things which he wants for his own use. Our money is useful as a medium of exchange also because it is acceptable anywhere in the United States. Even abroad it can be exchanged for the currency of another country in which a person is traveling, and then it may be used as a medium of exchange in exactly the same way as it can be employed at home.



A room in the U. S. Bureau of Engraving where money is made.

Ewing Galloway

Money as a Measure of Value of Things. — There is another sense in which the term money is used. It also is used as a *measure of value*. Before a boy can purchase a ball it is necessary for the owner of it to place a price on it, to measure its value for sale purposes. This is done in various ways. The owner of the ball remembers what he paid for it. He probably knows something about how much the boy wants the ball, and therefore how readily he will part with money to get it. He knows whether or not there are others who have balls to sell. He takes all of these things, and perhaps others, into consideration and then decides that the value of the ball as expressed in terms of money is fifty cents. This is the same as saying that he would rather have fifty cents than keep the ball. The boy might offer forty-five cents and not get the ball because he does not offer what the owner has estimated the ball to be worth to him. In other words, the owner would prefer to keep the ball rather than exchange it for forty-five cents.

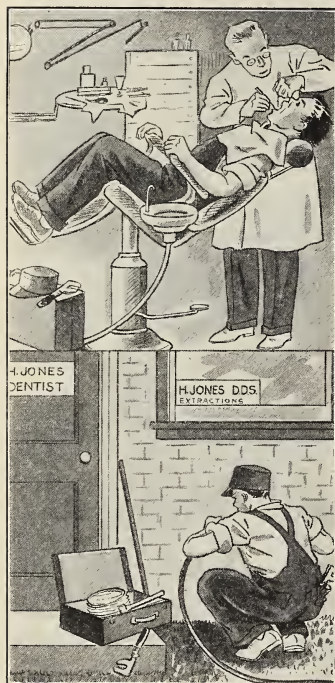
Thus it will be seen that the first step in any transaction involving the use of money is the measurement of the value of the thing being considered in terms of money. Even when barter is the method by which goods are acquired, money is used as a measure of the value of the things exchanged. Barter still is practiced to some extent. People do trade things. An individual may have a radio which for some reason is unsuitable, and for which he would like to secure a different one. If he finds a person who has one which he is willing to trade, an

exchange can be made possibly without the payment of any money. But even in this case, money is used as a measure of value. Before either person considering the trade would go through with it, he would measure the value of his radio in terms of money. He would say that its value is so many dollars. Thus the value of each of these two commodities would be expressed in terms of dollars

and cents. Only when the money value of the two radios is the same can there be barter, unless one or the other of the two parties is willing to take a loss. It will be seen that no money is passing between these two persons. Money is not being used as a medium of exchange. In other words, it is not parted with in exchange for something else. It merely is used in connection with the transaction as a measure of value of the things bartered.

Money as a Measure of Value of Services.

— It happens that a great many people work for others. This simply means that a great many people sell their services to others. A carpenter, for example, has ability which the householder does not happen to have. The latter needs some repairs on his house. He goes to the carpenter and asks him if he will make them. The carpenter is willing to exchange his services for money and says that he will make the repairs needed for a certain amount. In this transaction, the first thing the carpenter does is to decide what the services which the householder wants and which he can render are worth in terms of money. Then he makes known the value of these



Explain what kind of transaction these two pictures represent. Why is not this type of transaction used more?

services to the householder, who estimates what the value of the repairs to his house will be to him expressed in terms of money. Up to this point money has been used only as a measure of value. If the transaction is completed and money is used in paying for the services rendered, then money also is used as a medium of exchange.

It might happen, however, that the householder is an investment banker; that is, that he knows very much about how to invest money. And it might happen that the carpenter has some money which he would like to invest. The

householder may propose that he help the carpenter in the investment of his money in exchange for repairs which the carpenter will make on his house. Before this transaction can be completed, each will have to estimate the value of his services in terms of money. If the value of the services which the investment banker can render is equal to the value of the services which the carpenter can give, there can be an even exchange. This would be called barter of services. Money would be used in such a transaction only as a measure of value and not as a medium of exchange. No money would pass between the parties.

Storehouse of Value. — Money is said to be useful as a *storehouse of value*. One may sell more of his services or things than would be necessary to supply his present needs. In that case he holds the money which he receives, and does not need to use at once, until he has needs to meet in excess of what he is earning at the time. He stores up his extra money until he needs it. This is important, because if it could not be done, one might be satisfied to earn only what he needs at once. One might be inclined to let opportunities to earn go by and then later when something extra is needed, he might be unable to earn more than enough for his usual needs.

For example, by working three days a week one may be able to earn enough for one's immediate needs. There may come a time when sickness, or a trip, or a fire, or some other extra need makes it necessary to have more things than can be paid for by three days' work. It may happen that more days of work are not to be had at the time of this extra need. Had this person worked five or six days when it was possible to do so, and had he saved his surplus earnings in the form of money, he would have been able to meet these later and unexpected demands for money. Money would thus have been used as a storehouse of values.

Later on in this course you will learn about other ways in which money can be stored for future use in the form of credit. It is never best to keep large sums of money on hand, but it is desirable that, when needed, money may be obtained. Therefore one should earn for the present and for the future, not for the present alone.

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Why?

1. Money probably is the only thing that everyone wants. Why is this? Why are people willing to struggle so hard to get it? When they get it, why don't they keep it?

2. How might people obtain the things they need without money? This method was the only method used long, long ago. Why is it not the best means to use now?

Could they get along?

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During the recent depression many people lost their jobs and money. In a small community there were a shoemaker, tailor, general store, garage, paper hanger, painter, carpenter, and a doctor. Quite a number of the people in this little community had gardens. Just outside the village were farmers who produced fruit, milk, grain, cattle, sheep, and hogs.

1. How could this little community get along for a time without much money?
2. Point out some of the things that could be bartered. What difficulties would there be in completing these transactions?
3. For what things would actual money be needed? Why?
4. Can you name one kind of business that would not fare very well in such a community?
5. In this community would money still be used as a *measure of value*? Why?

What is the difference?

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1. Above we referred to money as being used as a measure of value. When it is used as a direct medium of exchange, what takes place?
2. Can money be used as a medium of exchange and not as a measure of value in the same transaction?
3. Can money be used as a measure of value in a transaction and not be exchanged in completing the transaction? What would this kind of transaction be called?
4. Can money be used for the purchase or sale of services just as it is for the purchase or sale of goods?
5. Explain how money can be used as a storehouse of value.

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In studying words, try to understand their meaning, uses, and spelling so well that they will come to your mind easily when you have occasion to use them in writing and speaking. Use these new words whenever you have a chance. That will help you to remember them.

- | | | |
|-------------------------|----------------------|-----------------------|
| 1. <i>acceptable</i> | 7. <i>exchange</i> | 13. <i>procure</i> |
| 2. <i>accumulate</i> | 8. <i>extra</i> | 14. <i>storehouse</i> |
| 3. <i>barter</i> | 9. <i>investment</i> | 15. <i>supply</i> |
| 4. <i>commodity</i> | 10. <i>measure</i> | 16. <i>trade</i> |
| 5. <i>consideration</i> | 11. <i>medium</i> | 17. <i>value</i> |
| 6. <i>currency</i> | 12. <i>money</i> | |

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1. Suppose that you have a canoe and your friend has one also. You trade with your friend, making an even exchange.

(a) Did you use money in the transaction? Explain.

(b) Did your friend use money in any way? Explain.

2. Suppose that you have a bicycle and your friend has one. You trade with your friend, getting \$5 additional in cash.

(a) Did you use money in this transaction? If so, how?

(b) Did your friend use money in any way? If so, how?

3. Suppose that you buy a hat for \$1.25 and pay cash for it. In what two ways did you use money in the transaction?

4. Suppose that you mow your neighbor's lawn in exchange for the use of his car to go to a football game. Did you use money in any way? Did your neighbor?

5. Suppose that you are working for a large department store in which is sold almost everything necessary to meet your daily needs. The proprietor proposes to pay you in goods. Assuming that you cannot use all the necessary things your wages would buy and that you prefer not to buy unnecessary things now, what would you ask your employer to do? How would you be using money if he consented?

6. Money has different values and various names in many countries of the world. English money is measured by farthing, penny, shilling, and pound; French money by centime and franc; German money by reichspfennig and reichsmark. Each day in the daily papers you can find the value of this foreign money in terms of our own.

(a) If the pound is worth \$4.85 in our money, how many pounds can be bought for \$460.75?

(b) If 20 shillings make a pound in English money, how much is a shilling worth in our money?

(c) Where can you find tables showing values of foreign money?

(d) If a reichsmark is worth \$.24 in our money, how many reichsmarks can be bought for \$108?

(e) If 100 reichspfennigs are worth one mark, how many reichspfennigs can be bought for \$100?

(f) If a franc is worth \$.24 in our money, how many can be bought for \$18?

7. One man earns \$100 a week; another, \$25.

(a) What per cent more does one man earn than the other?

(b) Give some reasons which may account for this difference.

8. A Girl Scout troop in a rural district was unable to raise enough money to pay for a renewal of their troop charter. The captain of the troop asked her scouts to bring whatever money they could and, if possible, some farm produce — eggs, chickens, vegetables. With the aid of the town taxicab she took the produce as received to the market and sold it. She was able to register the troop and raise enough money to buy a new flag.

(a) At one meeting the girls brought 12 dozen eggs which sold for \$.20 a dozen; 1 chicken weighing $3\frac{1}{2}$ pounds and worth \$.25 a pound; a rabbit worth \$.50; and 5 pounds of butter, worth \$.52 a pound. What was the income from the produce collected?

(b) Could these girls have sold these things themselves? Was their method of raising money inconvenient? State some of its advantages to the girls. To the troop. Would this be a form of barter?

9. A dozen fresh eggs are worth \$.48; a pound of sugar, \$.05. A pound of gold is worth about \$560.

(a) A dozen eggs are worth how much more than a pound of sugar? What per cent more?

(b) A pound of gold weighs how much more than a pound of sugar?

(c) A pound of gold is worth how much more than a dozen eggs?

(d) How do you account for these differences?

UNIT 12

MONEY AND ITS RELATION TO OTHER THINGS



What is each of these articles which have been used as money? Which is used now? Why were the first two ever used?

Many Things Once Used as Money. — It will not be necessary in a course like this to go very deeply into the history of money. It should be pointed out, however, that gold and silver coins have not always been used as money. But from very early times money in some form has been used. For example, in Greenland and in Iceland the reindeer has been, and in a limited way still is, used as money. At one time in our own country, before white men occupied it, Indians used what was called *wampum*. This form of money consisted of beads made of shells which were used much as we now use money. In the early days of Virginia, tobacco was used as money.

A great many different commodities have been used as money, but in every case the one used by any people at any time is one for which there is great demand. It always is a commodity whose value is recognized by people in general. In the countries where reindeer were the only means of transportation and an important source of food, clothing, and shelter it was but natural that people would desire as many reindeer as they could get. Anyone who had more than he needed or cared to keep could exchange his surplus for something else, since there always was someone who was anxious to have another reindeer. The same was true in the case of tobacco in Virginia. In the early days this commodity was in great demand and the supply was limited. The Indians were anxious to get it and were willing to trade other things of value for it. There developed a

demand for it in Europe, and Virginians were glad to get it to ship abroad. It was a commodity in general use. It could be passed freely from hand to hand. The supply of it though limited was reasonably sure and sufficient. In short it was a commodity which circulated freely. It could be used in making purchases and in other ways similar to those in which we now use money.

Gold and Silver Money. — Gold has the characteristics which money really should possess; that is, it is durable, beautiful, scarce enough to be quite valuable, can be molded easily, and has many uses. It is readily recognized and possesses attraction for people on account of its value and beauty. The practice of making gold coins and placing a value on them was adopted by governments at an early date. Thus gold money came into use.

Silver is much like gold in that it has many of the characteristics desired for money. It is coined into money and used freely in the purchase of goods. Its value was and is less than gold, but it has real value, and the supply of it is reasonably limited. It can be coined readily and is durable and easily recognized. It has many other uses which tend to keep it from becoming too cheap for use as money.

Paper Money. — At an early date paper money was largely substituted for metal money as a medium for use in everyday business transactions. It is more convenient to handle and serves our purposes quite as well. All our paper money is issued by or under the authority of the United States Government. It is the government's credit, or valuable metals in the possession of the government as security for it, which makes our money circulate freely in business.

At one time many silver dollars were in common use throughout the country. Now it is possible that you may never have seen one. Silver certificates, a form of paper money, have taken the place of these large silver dollars which once were referred to as "cart wheels." The silver represented by these silver certificates is held by the United States Government while this paper money circulates freely as a medium of exchange. A holder of a silver certificate may obtain silver for it if he desires, but rarely does one prefer the heavier metal for general use.

Paper money wears out quickly. Bills that are badly soiled and torn find their way into banks and are exchanged for new ones which the United States Government makes for this purpose. If you have soiled or torn bills and wish fresh ones to use in making a gift, or for some other purpose, you usually can obtain new money for your old money by requesting your bank to make the exchange. It is best to make this exchange whenever money which is badly torn comes into your possession; or when, by accident, a bill in your possession becomes torn. A bill which is torn can be exchanged for a new one as long as a bank or government official can identify it without any question of doubt.

Small Coins. — There is another kind of coined money which should be mentioned. Pennies, nickels, dimes, quarters, and half dollars are circulated freely. Dimes, quarters, and half dollars are made of silver mixed with other metal. Pennies are of bronze, and five-cent pieces are of nickel. All these small coins are made for convenience. It is understood that they are not really worth as much as metal as they are in the form of money. They are used only in making change and for small payments.

In fact, if you offer small coins in payment of a large debt they need not be accepted by the one to whom they are offered as they are not *legal tender* for the payment of large amounts. By legal tender is meant a form of money which when properly offered in payment of a debt must be accepted. Under the law, however, small silver coins — ten-cent piece, quarter, and half dollar — are legal tender for small amounts up to \$10. Bronze and nickel coins are legal tender only for amounts up to twenty-five cents. These small coins are merely *convenience* money and are intended for use only in making exact change in business transactions, or for the purchase of things and services costing less than a dollar.

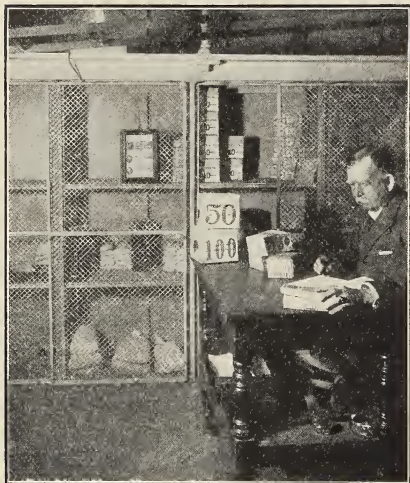
As has been shown in the preceding unit of instruction, money in every form is made and issued by the government for our convenience in doing business. It is not something to work for and keep for its own sake. It is something to use in obtaining the goods and services we need. In a certain sense all forms of money are *convenience* money just as are small coins. We should keep in our pockets, at home, or in our businesses only as much as is needed for our everyday use.

Frequently you hear someone quote the Bible as saying that "money is the root of all evil." This is not a correct quotation. What is really said in the Bible is this: "The *love* of money is the root of all evil." That is quite different. There is nothing evil in money itself. Like everything else, evil uses may be made of it. But caring too much for money itself surely is an evil against which we should fight all the way through life. We must learn to look beyond the money we earn and see the benefits, for ourselves and for others, which we can buy with it. We must be its master and make it serve us. We must treat it as a convenience in living sound economic lives.

It is important to note that almost anyone can earn or otherwise procure money if he sets out to do so. But not everyone can use it wisely once it is obtained. It may be said that the use which a person makes of his money is a true test of his character.

Money Must Have Real Value. — The real value of gold and silver at any time is not always exactly the same as the value of gold and silver when coined into money. The government alone may make coins of gold and silver and place a value upon them for general use. However, not even the government

should place a value on money which is greatly in excess of what the coin in it, or back of it, is worth. In other words, even the government cannot make value which does not exist. Gold and silver money is valuable first because of its own worth as coin; and second, because the government has fixed its value and decreed that it shall be acceptable in exchange for commodities at such value. Money is valuable because of the government's credit or because of its worth as coin. If a government promises to pay more than it can pay, its credit may be destroyed. Money issued by it will not be accepted because it will have no value.



Harris & Ewing

Coins and paper money in government vault.

Quantity of Money and the Price of Goods. — It is not easy to understand, but it is a fact that the prices of things in general change according to the actual amount of money and credit in use. As the amount of money increases, prices of commodities — the things we buy and sell — tend to increase; as the supply of money decreases, prices of things tend to decrease also. It seems to work this way at all times. For example, in Germany, a few years ago, the government put its presses to work and turned out tremendous quantities of money.

Prices, expressed in terms of new money, increased proportionately until a streetcar ride cost as much as a thousand *marks*. No one benefits by such a procedure, and almost everyone is injured. A government that does this finally finds it necessary to repudiate — refuse to pay — its debts and start all over again.

When there is not much in circulation, there is no particular demand for goods. Consequently prices charged for goods tend to decrease. Prices are lowered in the hope that customers will be attracted by them. The most important thing to remember is that there is a definite relationship between money and prices of commodities; also that money must have real value behind it to be of any service to society. Real value may be in the form of government credit, which is based on the belief that the government will do what it agrees to do, or it may be in the form of valuable metals held by the government with which to redeem money in circulation.

Money itself is of no value whatever; it is only in exchange that it becomes valuable. By this it is not meant that money saved for future use has no value. It already has been pointed out that people must learn to distinguish between present and future value, and to spend their money when it will do them and others most good. Food, clothing, shelter, and other things necessary to a happy and useful life possess value. Services which people require for their existence and even for their comfort also have value. Money is but the means of securing goods and services. It is very important in our economic living, but it is something to be thought of only as a means of securing other worthwhile things and not as an end in itself, not something to be obtained and held without use.

Value and Price. — Value is what a thing *really is worth* as expressed in terms of money. Price is what a certain person who owns a thing is *asking for it* in terms of money. Price may be far above the real value of the thing, or it may be far below its value. In making a purchase one should consider whether or not the price is proper considering the value of the thing being purchased. It is true that a thing may be more valuable to one person than it is to another. If this were not so, there would be few if any business transactions. It will be remembered that when the boy purchased a ball, he first decided on its value to him. The seller placed a price on the ball. Both believed that it would be best to make the transaction. The ball was bought. Value depends upon the use which the person wishes to make of a thing; the price really is the amount the owner of a thing hopes to get for it regardless of its value. It is only in the case of *bargains* that a seller names a price lower than the value of a thing as nearly as he can reckon it.

A seller arrives at his estimate of the value of a thing by considering what it has cost him and the amount of profit, if any, he hopes to make. The buyer, on the other hand, estimates the value of the thing by considering the use which he wishes to make of it. If he needs it very much, he will pay more for it. If he does not need it at all, he probably will not buy it. If he desires it, but does not need it, he may buy it, but not at a price as high as he would pay if it were greatly needed. From the standpoint of economic living, it is important to be sure that in every purchase of things or services we get full value for our money. We do not ordinarily buy things we do not require; we buy them because we want or need them. We must fix the value of things offered us in the light of our need for them. If a price asked is not too much, we may go ahead with the purchase. If a price is more than a thing is worth, it should not be paid.

Remember that price and value are not necessarily the same. Things are not necessarily good because they are priced high; nor are they necessarily

poor because they are priced low. Indeed, price may have little to do with their value. These matters are discussed because an understanding of the terms *price* and *value* will help you to live sound economic lives.

What do you know about money? 80

1. Name some of the things which have been used as money at different times and by different people in the past.

2. Explain why these things were used for money instead of other things which could have been used.

3. Make a list of the characteristics which anything should have to make it useful as money.

4. Which is more valuable, an ounce of gold or an ounce of silver? Can you tell why one is more valuable than the other?

5. It is said that the life of a five-dollar bill is only about six months. In other words, a new five-dollar bill comes back to the United States Treasury in exchange for another one about six months after it is first issued. A five-dollar gold piece is a little larger than a five-cent piece. It could be used a much longer time without wearing out. Why is it that the more durable gold coin is kept out of circulation and the easily worn-out paper money is circulated in its stead?

6. A short time ago our government changed the size of paper money, making it much smaller in length and width. Can you suggest why this was done?

7. The paper contained in a ten-dollar bill is worth very little. Why are we willing to exchange things we own for such a bill? What makes it good in our estimation?

8. A country storekeeper once sent 500 pennies to pay for newspapers which he had sold during the week. Did the newspaper publisher have to accept these pennies in payment of the bill? Explain.

9. It is said that nickels, pennies, and dimes are not worth as much as they call for on their face. In other words, a nickel carries words which say that it will buy five cents' worth, but the nickel which it contains is not worth five cents. Why do we accept these small coins without question in our everyday business transactions?

10. While there are some exceptions, is it true that most of the money which we see from day to day is legal tender; *i.e.*, that it must be accepted if offered in payment of a debt?

Why not? 81

During the early days of the depression which began in 1929, it was said that one of the causes of the depression was a scarcity of money, and that the

creation of a much larger supply of money would overcome the depression. Could the United States Government put its printing presses to work and turn out a large amount of additional paper money? Would such paper money continue to be received at its face value? Would there be a limit to the amount of gold certificates and silver certificates which the government could issue at any given time? Why do the ordinary promises of the United States Government have value and circulate as money? If too much paper money is made by the government, will it continue to be accepted without question? If not, why not?

Money and other things

82

Is there any relationship between the amount of money in circulation and the prices which must be charged for goods sold by merchants? Under what conditions do prices rise? Under what conditions with respect to money do prices fall? Is money itself very valuable? Or is it because of what it will buy that it has value in our estimation? Is there any difference between gold and silver money in this respect? Is there any difference between paper money and coin money as to its value independent of other things?

Value and price

83

There are two terms which are used constantly in connection with business transactions. These are *value* and *price*. What is the real difference between these two terms? Can they be used interchangeably?

1. Make a short list of the things which you must consider in determining the value, to you, of a thing you are urged to buy.
2. Make a list of the things which the seller of an article must take into consideration in determining the price which he will ask for this thing.
3. Why is it important to learn the distinction between value and price early in our experience with economic or business matters? How will it help us to live better economic lives if we are able to distinguish clearly between these two terms?

What do you think?

84

1. Is a thing necessarily good because it is offered for sale at a high price?
2. Is a thing necessarily poor because it is offered for sale at a low price?
3. Why do merchants offer things at bargain prices? Give a number of reasons why this may be done. Are low-priced goods always bargains?
4. "We usually get what we pay for." What is the meaning of this statement? What is its significance in economic living?
5. Suppose you have a brother who is employed at a salary of \$100 a month. Suppose that in the course of the next five years, when you have completed your

high-school education, you obtain a position in which you get a salary of \$100 a month. Can you say at that time, truthfully, that you are getting just as much as your brother received for his services five years earlier? In considering this matter, keep in mind the fact that the wages your brother receives and the wages you will receive are of little value except in relation to what they will buy.

85

Here are some of the important words which you found in your reading of the preceding pages. Study these words carefully. *Check off* those you already know. Look up the others. Use all of the words in sentences which have something to do with economic or business life.

- | | | |
|---------------------------|-------------------------|---------------------------|
| 1. <i>certificate</i> | 9. <i>gold</i> | 16. <i>repudiate</i> |
| 2. <i>characteristics</i> | 10. <i>inconvenient</i> | 17. <i>respectively</i> |
| 3. <i>circulate</i> | 11. <i>increase</i> | 18. <i>silver</i> |
| 4. <i>coins</i> | 12. <i>legal tender</i> | 19. <i>substitution</i> |
| 5. <i>decrease</i> | 13. <i>limited</i> | 20. <i>transportation</i> |
| 6. <i>deposited</i> | 14. <i>price</i> | 21. <i>treasury</i> |
| 7. <i>durable</i> | 15. <i>redeemable</i> | 22. <i>wampum</i> |
| 8. <i>estimate</i> | | |

86

1. In each of the following statements there is reference to price or to value. In one, there is reference to both. Draw a form like the following (if workbook is not used) and indicate opposite each letter whether its statement refers to price or to value, or to both, and indicate the amount of *price* or *value*. The first one is done for you.

STATEMENT	PRICE OR VALUE
(a)	Price \$25
(b)	
(c)	
etc.	

(a) *John*: "I will take \$25 for my bicycle."

(b) *Mary*: "I like your skates better than mine and will give you \$2 for them."

(c) *William*: "Those marbles cost me much more, but you can have them for \$.50."

- (d) *Charles*: "I need this automobile to use in my business, but if you will give \$300 for it, you can have it."
- (e) *Henry*: "I bought these golf clubs to sell at a profit, and if you want them for \$15, you can have them."
- (f) *Wallace*: "I don't believe this rifle is worth \$20, but that is the least I am willing to take for it."
- (g) *Arthur*: "I have no real use for a rifle, but that one appeals to me, and I will give you \$20 for it."
- (h) *Albert*: "I see that you have that suit of clothes marked \$30. I can buy one just like it at the Acme Clothing store for \$5 less. Why should I pay you more?"
- (i) *Sarah*: "I will give you \$12 for that set of books."
Alice: "You may have those books for \$15."
Sarah: "I will split the difference and give you \$13.50."
Alice: "You may have them."
- (j) *Walter*: "I made those four baseball bats myself. The wood cost me \$2, it took me twenty hours to make them, and finishing materials cost me \$1.12. My time is worth \$.30 an hour. I ought to get more, but if you want one of these clubs at cost you can have it."
- (k) Tag on merchandise reads as follows: "\$2.98, formerly \$5.50."

2. A certain businessman who handles large sums of money keeps on hand change of the following denominations:

1,400 pennies	8,000 one-dollar bills
2,000 nickels	4,000 two-dollar bills
1,000 dimes	500 five-dollar bills
3,000 quarters	200 ten-dollar bills
1,000 half dollars	100 twenty-dollar bills

- (a) How much cash does he have on hand at all times?
- (b) What per cent of the total is paper money?
- (c) What per cent of the total is in coin?
- (d) Why is making change a problem in a large business?
- (e) What per cent of this money is not *legal tender* for large amounts?
3. A retail store, employing 4 men and 1 girl, has the following pay roll:
- | | | | |
|---------------------|---------|---------------------|---------|
| Mr. Keegan | \$42.20 | Mr. Wallace | \$28.00 |
| Mr. Eaton | 40.00 | Miss Haley | 20.00 |
| Mr. Anthony | 32.20 | | |
- (a) What is the total pay roll?
- (b) What denominations of money and how many of the largest possible size are required to fill the pay envelopes of these employees?

UNIT 13

OBTAINING AND SPENDING MONEY



How do these young men obtain their money? Which is practicing economic living? Can you be sure that the one in the second picture is not thrifty? Explain.

How Money Is Obtained. — Money may be acquired in different ways. It should be obtained most often in exchange for commodities or services. Generally speaking most people obtain their money in exchange for services. They work for *wages*, or for *salaries*, or for *commissions*, or for some other form of remuneration. What they earn and receive for the services they render is referred to as income. Their income is what they are dependent upon for the necessities of life and for other things which they enjoy.

Some people obtain the money which they need from income on invested capital. In other words, such people have been able to save money and lend it to other people to use in return for a compensation which is called *interest* or *dividends*. If we believe in the right of people to own private property, we must believe in the right of such owners to receive interest or dividends on money which they have saved and which they permit others to use productively in business. Some people put their savings in a savings bank. The bank lends them to someone else to use, as we shall see when we come to study the savings bank as an institution. The bank gets interest on the money it lends and pays the depositor, or owner of the money, his share of that interest.

Some people have obtained their money through *inheritance*. Someone has died and left them money or other property. There is no objection to this method of acquiring money. However, since it is unearned money, some people

believe that the amount which a person is permitted to obtain in this way should be limited. The government believes that it should share in large inheritances and collects an *inheritance tax* on legacies above a certain amount.

From the point of view of economic living the greatest danger of inherited money is that, since it has been obtained easily, it will be spent too freely and thus lead to uneconomic habits of living. Money inherited should be treated like all other money; it should be used in accordance with a sound economic plan.

A few obtain money through *gifts* made to them by friends and relatives. Under proper conditions there can be no objection to this method of getting it. In its use the usual rules apply.

Effective Use of Money. — Some people have said that it is comparatively easy to obtain money, but not so easy to use it efficiently. This, of course, is true only when economic conditions are fairly normal. When people can obtain work and earn wages, or when they can obtain a suitable return on the money they have to invest, it is relatively easy to get income.

Generally speaking, it probably is true that more people come to want at some time during their lives because they fail to use the money they have as it should be used, than come to want because of inability to obtain money in usual ways. Our enjoyment of material things is dependent upon the amount of income we receive, but not upon that only. What is quite as important, if not more so, is the way in which our income is used.

People differ greatly in their ability to obtain their money's worth for the money they spend. The great majority of people have unsatisfied needs. In other words, our standard of living is not so high as it should be, even though it is higher than that of most other countries. Fully 80% of the people of this country are without reserve funds to take care of important and expensive emergencies as they arise. This means that the great majority of these people live what is called a *hand-to-mouth* existence. In other words, they earn money and spend it as they go along. It is true, of course, that those who do not earn more than enough to meet their definite, immediate needs cannot save for the future. It is clear to almost everyone that wages, salaries, and other forms of income will not be sufficient until they are large enough in the case of every individual to enable him to maintain a reasonably high standard of living and at the same time put something aside for the future. But there is no denying the fact that, unless people have learned to handle their money efficiently in the purchase of the things they need and have established sound habits of economic living, it is not likely that they will be able to save for the future however large may be their incomes. A large income does not assure economic success unless

that income is wisely used. Hence it is important that we give attention at this point to the various ways in which money is used.

Spending Is an Art. — *Spending* is a word which ordinarily means paying out money. There is another meaning of this word which suggests that money is not always spent wisely. For example, when a person is called a great “spender,” he often is being accused of using his money unwisely. A spendthrift spends without thrift. Spending money wisely is an art which should be learned early. It is at the bottom of any plan for real economic living. Whenever an expenditure is to be made, there should be careful thinking about the need for what is to be purchased. The quality of the thing and its appropriateness in relation to the spender’s income should be borne in mind. Many other things must be considered if a person is to get his money’s worth for his expenditures.

Difference between Want and Need. — It is quite necessary that each individual shall learn early in life the difference between the word *need* and the word *want*. The word *need* refers to something which we actually should have. The word *want* applies to a great number of things that we do not really require; also to many things which it might be better for us not to have. Even when it has been decided that a certain thing is something we need, it still has to be decided whether or not we can afford it; or whether or not the particular thing we intend buying is the kind or quality we ought to have. One may say that almost everyone ought to own a home at some time, but it is not so easy to show that because of this need for a home every person should buy one now, or that he should buy a particular one, or that he should agree to pay a certain price which may be beyond his needs.

There are a great many matters to consider before needs are met. There are relative needs. We all need many things which we can do without, and therefore we should purchase first the things we need most. Only a small fraction of our people have the means of satisfying all their needs. We need many things most of us will never have. But it must be remembered that we shall have more of the things we need if we are careful in the use of our money.

It should be added that a person should not start out in life with the idea that he will purchase only the things he actually needs. Occasionally one should gratify one’s desire for useful things which one does not actually need. It is true that from time to time *luxuries* should be purchased. By luxury is meant something we do not need but something which we want. It is not easy to distinguish in every case between a luxury and a necessary purchase, but an effort should be made to distinguish these types of items whenever possible. The man who buys a more expensive automobile than he can afford is purchasing a luxury. The man who buys an automobile within his means may be buying

what for him is a necessity; at least it may be something which is very useful to him. A person who has a radio and decides that he would like a second one merely for his convenience is buying a luxury when he purchases his second radio. He does not actually need it. He desires it and buys it as a luxury.

It is important from the standpoint of general economic well-being that we shall not buy merely the absolute necessities of life. To do so would tend to lower our standard of living and rob a great many people of opportunities for employment. It is only when people buy many things that manufacturing goes on, and merchants have good business. It is only when merchants can sell things that manufacturers will make these articles and that people can be employed in various industries. Money should be spent according to the financial standing of the individual, but not too freely or unwisely.

Budgeting Leads to Wise Spending.—Wise spending is likely to result from careful *budgeting* of funds, as will be shown later in this course. If we set apart a certain amount for the more important things we shall need and want, we are less likely to purchase more of these things than we should have, or to spend more for them than we can afford. Few people can be trusted to spend money without a budget plan and at the same time spend wisely. Such people have difficulty in determining on the spur of the moment whether or not a purchase is one they really ought to make. They are influenced by their desire and usually act contrary to their better judgment as to what they should do with their money from day to day. The will to use money wisely is important. The will to use it wisely should result in careful planning of its use. Careful planning for the use of money always involves looking ahead and deciding in advance what will be done with it. Looking ahead and planning the use of our money are best accomplished through budgeting.



Can you be sure that one of the coats in this picture is a luxury? Interpret the picture in several ways.

How is money obtained?

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1. Make a list of the ways in which money is obtained by different people. Do not confine your list to the ways mentioned in this unit if you know of other ways in which people acquire the money they need.

2. The money we receive for the work we do is not the *real wages* we receive. You have learned that money in itself is of no particular value. If this is true, what are the real wages one receives for his work at any given time?

3. Can you tell what is meant by "invested capital"? What do those who have capital to invest get for letting other people use it?

4. It is customary for governments to tax inheritances under certain conditions. Why is this done? Why should money received through inheritance be taxed more than money received in other ways?

5. Are people as likely to use economically money received through inheritance or through gifts as they are to use economically money for which they have worked hard?

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Think these things over

1. Discuss this statement: "It is easier to obtain money than it is to use it economically."

2. Is there anything wrong with the following statement? "The amount of money we earn determines the standard of living which we can enjoy."

3. What is meant by "living a hand-to-mouth existence"?

4. Is it a sign of stinginess, or of any other bad trait, to make an effort to get one's money's worth from every dollar spent? Explain.

5. Some people like to spend money freely because they like to make it appear that their incomes are large. Need one be ashamed of careful spending?

6. What is the real difference between a need and a want? Why is it important to understand the difference between these two words at all times? Is it easy to mistake a want for a need? Are very many people able to gratify all their wants? Are there more people who are able to meet all of their real needs?

7. Do all people need food, shelter, and clothing at all times? In other words, is it possible to buy clothing, and food, and even shelter, in excess of one's actual needs? May certain things be listed among our needs at one time and among our wants at other times?

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Write a brief statement telling what you understand is meant by the word "luxury." In your statement indicate whether or not you believe it is always bad for one to buy luxuries. Explain how, under certain circumstances, things may be regarded as luxuries, and how, under other circumstances, the same things may be regarded as needs. Include in your statement reference to the

bad effects which would result if all people stopped buying anything that could be called a luxury. Mention some of the things that must be considered in determining whether or not a given thing is a luxury.

Which?

90

Explain which is better from the standpoint of economic living: (a) To plan ahead just what shall be done with money we have to spend; or (b) to spend it from day to day as the need for things arises. Is it always possible to know in advance just what expenditures will have to be made on any given day? How can one plan ahead just how he will use his money, even for such a short time as a week? Be prepared to state in a general way what you think about this matter.

91

A thorough understanding of the following economic terms will help you in your study, not only of this unit, but of every other unit in this course. Try to use as many of these words as you can without looking them up in the dictionary. Make it a practice to try to recall the meaning of a word before you look it up. On the other hand, *always look up* words about which you are not sure.

- | | | |
|----------------|-------------------|-----------------|
| 1. capital | 8. industries | 15. merchant |
| 2. commission | 9. inheritance | 16. reserve |
| 3. depositor | 10. interest | 17. salary |
| 4. dividend | 11. invest | 18. spending |
| 5. emergencies | 12. lend | 19. spendthrift |
| 6. existence | 13. majority | 20. wages |
| 7. fraction | 14. manufacturing | |

92

1. William Perkins works for the Home Supply Co. in a small village and receives a salary of \$1,200 a year. He is married and spends his money as follows: Rent, \$20 a month; food, \$28 a month; heat and light, \$10 a month; clothing, \$180 a year; miscellaneous items, \$52 a year.

John Hawkins, also married, works for the Superior Furniture Co. in a large city and receives a salary of \$1,800 a year. His expenses are as follows: Rent, \$40 a month; food, \$35 a month; heat and light, \$23 a month; clothing, \$300 a year; miscellaneous items, \$200 a year.

- (a) How much difference is there between the salaries of these men?
- (b) From the standpoint of *real wages*, which gets the better salary? How much better? What per cent better?

2. If William Perkins has saved \$400 which is deposited in the savings bank at $3\frac{1}{2}\%$ interest, how much additional money will he have to spend or save at the end of the year?

3. If John Hawkins receives one fourth of his uncle's estate of \$8,432 during the year, how much extra will he have to spend or save?

4. Mrs. Smith has \$50 to spend for food this month. On the first day she goes to the market, shops around for bargains, and makes the following purchases: 4 lbs. lamb chops at \$.35 a lb.; head of cauliflower, \$.15; 10 lbs. sugar, \$.50; and 2 loaves of bread for \$.15.

Mrs. Jones has the same amount to spend. On the first day she telephones her order and makes purchases as follows: 4 lbs. lamb chops at \$.42 a lb.; head of cauliflower, \$.20; 10 lbs. sugar, \$.60; and 2 loaves of bread for \$.20.

- (a) How much did Mrs. Smith spend?
- (b) How much did Mrs. Jones spend?
- (c) How much did Mrs. Smith save by careful shopping? What per cent of Mrs. Jones's shopping bill?
- (d) What per cent of saving did Mrs. Smith make on each item?
- (e) What was the average per cent of saving on the four items purchased?
- (f) If these two ladies purchase the same kind and amounts of food during the month, and Mrs. Jones spends exactly \$50, how much will Mrs. Smith save during the month?

5. Mr. Watkins owns a home valued at \$14,000. It is all paid for out of his savings. He has used up all his other savings, but he has a good salary out of which he hopes to save \$16,000 in the next ten years. A much larger house not far from him is for sale at a bargain price of \$30,000. This place cost \$50,000 and is assessed for taxes at \$40,000. The owner will accept Mr. Watkins's house at \$14,000 in part payment, and a mortgage at 5% for the balance of \$16,000 with the understanding that it will be paid for in ten years. Mr. Watkins makes the trade.

- (a) Was Mr. Watkins using good judgment in making this purchase? Think carefully.
- (b) Was he showing that he has developed the "art" of spending wisely?
- (c) Which word influenced him more, *want* or *need*?
- (d) Did he buy a *necessity* or a *luxury*?
- (e) What is the amount of each yearly payment on the mortgage?

- (f) In addition to this payment, how much interest will he have to pay at the end of the first year? At the end of the second year?
- (g) Unless he earns more, will he be able to make his yearly payments? Why?
- (h) If the tax rate is \$28.50 per thousand dollars of valuation of real property in this city, how much tax will he have to pay?
- (i) What would his tax have been on his former place if it is assessed for taxes at 80% of its stated value?

6. It is estimated that 10,000,000 workers were unemployed in September, 1935. If our population numbered about 127,000,000 people, what per cent of our population were unable to earn a living at that time?

7. Mr. Smith receives a salary of \$1,600. Because of financial difficulties during the depression years, a 15% cut has been in effect. Five per cent of his net salary is deducted for the pension fund which his employer maintains.

- (a) How much does Mr. Smith actually receive per year?
- (b) If the cut is in effect four years, how much does Mr. Smith lose in cuts?
- (c) In four years how much less is added to his pension fund because of the depression?
- (d) In twenty years how much money will Mr. Smith have toward his pension if no cut is in effect at any time?
- (e) How much will he have toward his pension if the cut is in effect during four of these twenty years?

8. Some people live a hand-to-mouth existence. Some are forced to do so. Many do not plan their spending. Often a saving can be made by purchasing goods in fairly large quantities.

- (a) What is meant by hand-to-mouth existence?
- (b) If 20% can be saved by buying in reasonably large quantities, how much does a man spend who saves \$120 in a year in this way?
- (c) Two one-pound jars of preserves sell for \$.35; one jar for \$.19; two-pound jars for \$.31 each. Which is the most economical to buy? How much? What if you cannot use the larger quantity?

9. Buying goods, especially canned food, by *price* rather than by *weight* and *quality* is common practice. A ten-cent can is bought instead of a twelve-cent can even though the former contains much less food of the same quality.

- (a) A certain can of corn containing eight ounces sells for \$.10, while a can containing twelve ounces sells for \$.12. Which would be the better to buy? Why?
- (b) Potatoes, selling very cheaply, were advertised at \$.18 a peck. On the same announcement was offered a 100-pound bag at \$1. Why is it cheaper to buy the 100-pound bag? By how much?

10. A person under twenty-one years of age cannot be forced by law to keep his promise to pay for goods other than the necessities of life. A boy wanted a watch. He saved money and bought one without the knowledge of his parents. It cost \$12. His parents allowed the boy to save his money in the hope that he would save enough to buy some much-needed clothes.

- (a) The boy accidentally dropped the watch. His mother discovered what he had done and on legal grounds forced the jeweler to take back the watch and return the money. It cost \$6 to repair the watch. What per cent of the value of the watch was spent repairing it? Who had to bear this expense?
- (b) Is this a just law? If the storekeeper made a profit of \$3 on the sale, what was his real gain or loss on the transaction?

UNIT 14

THE USE OF MONEY — SAVING AND GIVING



Armstrong Roberts

Is this a thrifty act? Should one ever put money in such places? Why?

Right Saving Is Necessary. — It is well known to all of us that the great majority of people reach a time in life when they do not earn as much as they once did. It is equally well known to most of us that there are emergencies from time to time which cannot be foreseen. It also is equally clear that unless we save for future use some of the money received from time to time, we are not planning for the economic security which we ought to have in later life. Most people over sixty-five years of age are dependent on others for their support. As will be seen when we come to the study of thrift and the budget, we should plan to save. It is not the amount we save that counts; it is the *habit* of saving. In other words, a small amount saved regularly will produce a larger amount of economic security in the future than will relatively larger amounts saved irregularly.

Hoarding Not Saving. — Saving does not mean merely the keeping of money. *Hoarding*, for example, is not the best means of saving. By hoarding is meant

keeping money without using it. The person who puts money away "in a stocking," or who otherwise secretes it about the house with no intent to use it, is not saving wisely. On the other hand, the person who puts in the savings bank money not needed now is saving. A person who properly invests it in other ways is saving. Thus it will be seen that saving means not merely keeping, but also investing in ways that will yield a reasonable return in the form of interest or dividends.

It should not be difficult to see that making the money we save earn something while it is waiting to be used by us is an important part of economic living. Such investing helps not only the one who is saving the money but also a great many other people. The people who pay for its use until the owner really wants it are using it for the general benefit of society in the meantime. The savings bank, for example, lends deposited money to people who want to build houses or do other important and useful things. This money thus goes into wages paid to those who work on the building for which money is borrowed. This provides work in many different forms. Someone has to make the materials used in houses built with borrowed money. Someone has to make the tools used in the construction of these houses.

There are many ways in which the use of money saved benefits people. No one has a right to deprive people of the benefit of enterprises which are dependent on the savings of a great many people by keeping those savings in a *safe* but *unprofitable* place. Money that is invested has been put to work. If it were not put to work, those who borrow could not afford to pay for it. The only thing that is important in connection with the investing of money is to see that investments made are safe, and that the return is proportionate to the safety which the investment offers.

Saving and the Budget. — As we shall see in connection with budget making, we should not leave the saving item to take care of itself. We should not confine our budgeting to the things we usually have to buy, and leave the matter of savings to take care of itself. We should not say that we will spend so much for this and so much for that and at the end of the month save whatever we have left. It is far better to say in advance that we can and should save a certain percentage of the income we have to spend and record this amount under the first item in our budget. If we make this item too large, in the light of other demands on our income, we should reduce it before we put our budget into operation; but we should plan for it in advance. Those who leave saving to take care of itself usually do not save at all.

Surplus Money and the Bank. — It has been shown that surplus money should be put to work; that it should not be hoarded or merely kept safe where

it will bring no return. It should be clear that whenever savings have been made, the individual who makes them has surplus money. Surplus money simply means money that is not needed for immediate use. Something must be done with this money to make it yield a return to its owner and work for the good of the community as a whole. One of the most important institutions for the safekeeping and use of surplus money is the bank. The bank is not what people often think it is — merely an institution for the benefit of the wealthy. The bank is an institution which is of interest to every person, rich and poor alike. It may not serve all persons in exactly the same way, but it is intended to render to each person the kind of service he needs. There are a great many kinds of banks, and while we do not need to study the more intricate functions of banks in a course of this kind, we should become familiar with the more important kinds of banks and the services which they render in connection with the storage and use of surplus money. In a later unit we shall give attention to this subject.

Special Banking Laws. — First, it should be said that a bank is what is known as a *quasi-public* corporation; that is to say, a bank is run for the public benefit as well as for the benefit of those who own it. The government takes a great deal of interest in banks. State and federal governments make rules in accordance with which banking must be done. Certain requirements are made as to how banks shall use the money entrusted to them. On bankers are placed a great many restrictions not placed on other businessmen. It ought to be relatively easy to see why this is so. Large numbers of people save money and deposit it in banks of various kinds. Nothing could be worse for the economic security of the people of the country than to have large numbers of banks fail. This occurred during the depression which began in 1929. It was a calamity which had to be taken account of by the federal government. In fact, at one time, the government required that all banks be closed for a short period of time until their affairs could be checked up to make sure that they were sound and entitled to go ahead with their business.

Thus you see that the government is very anxious to make sure that depositors will not lose their money because of dishonest or incompetent banking methods. A recent law passed by Congress provides that depositors in most banks shall be protected against loss up to a certain amount. This is to make



Study this picture and explain what it is intended to indicate. What is the gentleman in the high hat usually called? What does he represent? Up to what amount does the government protect a depositor?

it more certain that those who deposit money in banks will be able to get their savings when they want them for their own use. It is quite likely that banking laws will be strengthened from time to time so as to protect depositors' money still more fully. Few laws will contribute more to the economic security of the individual than laws which make it practically impossible for him to lose his money through the failure of the bank to which he entrusts it.



Givers — are they all practicing economic living? Who is benefited most by such giving? Should giving become just another habit? Explain.

Giving Is an Art. — It should not be understood that money always is to be spent. Sometimes it should be given away. In a sense, when money is given wisely it also is being spent. Something is obtained even for a gift — usually personal satisfaction. One who is interested in a church and gives money to its support gets a certain satisfaction out of contributing to this worthy enterprise. One who gives money to the Boy Scouts, or to the Girl Scouts, likewise obtains in return a feeling of having done his or her duty. At certain times money should be given away, but as in spending, it should be given wisely and in accordance with a plan. It should be given because one is interested in the cause to which the gift is made and after he has satisfied himself that he can *afford* to give to it. By this is meant that he can give without neglecting his own needs and those of others dependent on him. It is true that some people give so freely as to be in want themselves most of the time, but this is not sound economic giving. In the end such a practice often does more harm than good. If too many people have this habit of giving too freely, even to worthy causes, the result will be very disastrous, both for the givers and for those who receive the gifts.

Giving and the Budget. — It can be shown that in making a budget there always should be provision for a certain amount of giving, be it large or small. This giving should be proportionate to the income of the giver and the responsibilities which are his. It may be added that in making gifts one should be sure that those to whom the gifts are made will be benefited by them. Those who are careless in giving money frequently give it when in doing so they harm those to whom it is given. The spendthrift, for example, who is always out of money,

but who knows that he can get some from his friends or relatives, is not likely to be helped by their gifts. Such a person should be made to realize that the reason why he has to beg money of others is that he is a spendthrift. A person too lazy to earn money may get along for some time on gifts, but the gifts made him under these circumstances really do him no good. They destroy any chance which he may have to develop habits of economic living.

The professional beggar is frowned upon by society everywhere unless such a person has absolutely no other means of securing the money he needs. Even cripples should not be forced to beg. Every possible effort should be made to train handicapped people so that they can earn their living even though they have lost a leg, an arm, an eye, or are in other ways physically defective. Even mental defectives are being given certain types of training which enable them to become useful members of society. We should decide early that begging is bad for everyone concerned and do what we can to eliminate this practice.

Community Chest. — In many communities there is a *community chest*. The reason for the community chest is that people become dissatisfied with haphazard giving. Without a community chest each charity makes a canvass for the funds it requires. Hospitals, Salvation Army, Y.M.C.A., Y.W.C.A., Girl Scouts, Boy Scouts, many welfare relief agencies, and a great number of other really worthy enterprises conduct drives for funds. It is not an uncommon thing for individuals to be asked for funds by ten or fifteen different organizations. Most persons find it difficult to contribute to that many; also most individuals are more interested in some of these enterprises than they are in others. It usually happens that the first few enterprises that make a canvass obtain most of the funds available for charitable and other similar purposes. For example, Mr. A. has found by his experience in budgeting that he can afford to give \$100 a year to



Why should "hospitals" head the list of good causes helped by a community chest?

these various important and worthy enterprises. When the first canvass is made — for a hospital perhaps — he pledges \$50. The next canvass happens to be in the interest of Boy Scouts, and he pledges \$50 to this cause. When other equally interesting and worthy enterprises come for funds, he can make no contribution because his \$100 has been given.

Under the community chest plan there is one big drive for all charitable and similar organizations included in the chest plan. Each organization indicates to a central committee how much it needs. When the requirements of all the organizations are known, these requirements are totaled to find out the amount which must be obtained from the drive. Then the campaign is organized. Hundreds of workers are enlisted for the canvass, and every citizen is given an opportunity to subscribe to the common fund according to his ability. Under this plan Mr. A., who has \$100 to give, will subscribe this amount to the community chest, and in doing so will know that he is helping to meet the needs of all the worthy enterprises in his community as far as his income permits. If he prefers to have his \$100 divided among certain of the charities on the list, he may so state at the time of his subscription. If he prefers to have it all go to a hospital, for example, his \$100 will be used for that purpose.

The reason for mentioning the community chest in connection with giving is that it represents organized giving and aids materially in economic living. It makes it possible for the budget maker to include a definite amount for charity and to know in advance just what needs are to be met in this way. The community chest idea undoubtedly is better than any other plan for the raising of funds for the worthy charitable enterprises in any community.

Personal Giving. — It might be added that in planning for the use of our income we should provide for gifts other than those which we give to charity; gifts which we feel we should make from time to time to individuals. It is quite likely that it is best for an individual to seek out opportunities to give on his own account. Most of those who have liberal incomes should not be content with giving a specified amount to a community chest. They should not feel that such a gift frees them from all responsibility for giving elsewhere. A church, for example, cannot be part of the community chest because of various denominations which must be supported by their own members.

There are emergency welfare relief enterprises which perhaps are best financed outside the community chest. The Red Cross is a notable example of this type of philanthropic organization. The Red Cross is national in scope and is a service in which every individual ought to have a part. Its work is humane, and the assistance it gives to the unfortunate should come directly from individuals who make funds possible for this service. Everyone should be aware of

services rendered by the Red Cross organization. One of the ways in which the need for this service can be brought home to every individual is to give each person an opportunity to become a member of the Red Cross and to contribute a certain amount, even though a small one, every year directly for the uses of this organization.

There are gifts which should be made to friends, relatives, and others who are temporarily unfortunate. Frequently such gifts may mean that the giver must sacrifice in some other way, that he must dip into other items of expense to get the money necessary for personal giving. This is as it should be. Such giving is not only a test of character, but also a developer of character. But it must be done wisely if it is to be beneficial both to the giver and to the one helped. It cannot be a haphazard affair. Merely passing out money to anyone who asks for it is bad business all around. Thus it will be seen that even giving is not a matter which can be looked upon as being a trifling matter. It is one of the most important aspects of the many problems involved in the proper use of money.

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How to save

1. Are the majority of old people, say beyond the age of sixty-five, able to support themselves? Or is it necessary for someone else to support them, or at least to contribute largely to their support? Why do you think there are so many people dependent upon others in later life?

2. It is generally agreed that everyone should save something from what he earns if it is at all possible to do so. What steps should one take early in life to develop a plan for saving money? Is it a good plan merely to save money when it is convenient to do so? Or should one's savings plan be something more definite than that? Discuss this matter briefly.

3. The amount saved each week may be small, but if this amount is saved every week, in time it will amount to a large sum. Should people try to save more each week than they reasonably can hope to do? Why?

4. How is the habit of saving formed most easily?

94

Write a short statement in which you will indicate what you have learned about hoarding. Tell whether or not it is good for the hoarder, and whether or not it is good for the business community in which the hoarder lives. Try to think of several ways in which the hoarding of money by people is contrary to sound economic living.

Surplus money and the bank

95

1. What is meant by surplus money? When can money which we have be called surplus money? What should be done with this money? Why?

2. Does the bank in any community serve only the wealthy people in that community? Can you suggest ways in which a bank serves all the people in the community in which it does business?

3. Why should there be special banking laws any more than there should be special manufacturing laws? In other words, why should a banker be governed by special laws which do not apply to a manufacturer?

4. In 1933, the United States Government required all banks to close for a few days. Can you think why this was done? How was it for the best interests of all people?

5. How are deposits up to a given amount in most banks protected against loss under a recent law?

Should one give away money?

96

1. It is said that under certain conditions it is proper for one to give away money. Make a list of the things which should be considered by one before giving money away for any good purpose.

2. Can gifts be made too freely? Are they always a benefit to those who receive them?

3. Why is the practice of giving to worthy causes a benefit to the giver in most cases?

4. Should giving be done with as much care as one should take in making purchases of the things one needs? Explain.

5. Explain what the "community chest" is, whether or not it is a good thing, how it is organized, and how it makes it easier for one to give to worthy causes.

6. Explain the difference between personal giving and giving through a community chest. Should one do all one's giving through the latter means, or is it best for individuals to give some of their money personally instead of through the community chest?

7. Even young boys and girls should form the habit of giving. An eminent speaker recently said: "The infant's hand is naturally shut — to clutch and hoard! It takes a long period of training — half a lifetime often — to make it naturally openhanded. Give children the opportunity to give — not so much for the small amounts of money given — but because of the habit they should cultivate for a fuller manhood and womanhood." Explain what this speaker

meant. Does he believe in giving as well as saving? Why does he believe the former is quite as important?

97

Deal with the following list of words as you have dealt with those in the preceding units.

- | | | |
|------------------------|--------------------------|-------------------------|
| 1. <i>begging</i> | 8. <i>failure</i> | 15. <i>receive</i> |
| 2. <i>calamity</i> | 9. <i>handicap</i> | 16. <i>restriction</i> |
| 3. <i>community</i> | 10. <i>haphazard</i> | 17. <i>safety</i> |
| 4. <i>construction</i> | 11. <i>hoarding</i> | 18. <i>savings</i> |
| 5. <i>corporation</i> | 12. <i>incompetent</i> | 19. <i>security</i> |
| 6. <i>depression</i> | 13. <i>proportionate</i> | 20. <i>subscription</i> |
| 7. <i>emergency</i> | 14. <i>quasi-public</i> | 21. <i>unprofitable</i> |

98

1. An elderly woman, living in a poor home and having none of the comforts of life, died recently. When her home was searched, this is what was found:

\$100,000 in an old safe.

4,300 under the kitchen linoleum.

6,225 in tobacco cans in a cellar wall.

4,417 in checks that had not been cashed.

513,000 in bank deposits and mortgages.

(a) How much of this woman's money was earning no interest? What per cent of it?

(b) Write a brief statement in which you will list as many reasons as you can why this woman should have done something else with the money represented by the first four items in the list.

(c) Suppose that all of it had been invested at $3\frac{1}{2}\%$ interest. What would have been her annual income?

2. Before the depression which began in 1929 some savings banks were paying 5% on deposits. Because of the depression this rate was reduced to $3\frac{1}{2}\%$.

(a) This was a reduction of what per cent?

(b) On a savings account of \$1,280, how much would the annual interest be reduced?

3. A certain elderly woman whose income from investments was \$180 a month and whose necessary living expenses were \$125 a month, made regular

gifts as follows: To her sister, \$45 a month; to her church, \$1.50 each Sunday; to the Salvation Army, \$12 a year; to The Nurses' Home, \$100 a year; to individuals who appealed for help, \$25 a year; and to the Community Chest, \$150.

- (a) What was her annual income?
- (b) What per cent of it did she use for her necessary expenses?
- (c) How much was left to use?
- (d) How much did she give away annually?
- (e) How much of what she gave away had to be taken out of her capital instead of out of income?
- (f) Had she mastered "the art of giving"? Explain your answer.

4. In a certain New England city \$192,022 was subscribed by citizens for the community chest in 1934.

- (a) 39.2% was spent for the "care of sick and aged." How much was spent for this purpose?
- (b) 34.4% was spent for "relief and family welfare." How much was spent for this purpose?
- (c) 18.1% was spent for "character-building activities (scouts, Y.M.C.A., etc.)." How much was spent for this purpose?
- (d) \$9,000 was not paid by certain subscribers. What per cent was lost to the chest in this way?
- (e) Approximately \$5,000 was the cost of getting the subscriptions. What per cent of the fund could be saved for the poor if people would subscribe without being asked for subscriptions?
- (f) \$1,850 was spent for expenses of managing community chest funds. What per cent was spent in this way?
- (g) The entire cost of operating the chest was how much less than the amount which subscribers failed to pay as agreed?

5. A fourteen-year-old girl budgets her income. One part of her budget specifies that 5% of her allowance will be spent for charity. She has an allowance of \$1 per week.

- (a) How much does she spend each week for charity? How much in a year?
- (b) Is this too much, or not enough, or about right? Should she be encouraged to drop this donation to charity? Why?
- (c) 20% of the amount spent for charity she regularly drops into the Salvation Army Christmas box. How much is that for the year?
- (d) 40% goes to her church. What is her yearly church contribution?
- (e) 40% is saved for the Junior Red Cross, of which she is a member. How much does the Red Cross get each week? In a year?
- (f) What do you think of this girl's attitude toward charity?

UNIT 15

CREDIT ESSENTIAL TO ECONOMIC LIVING

What Is Credit? — Credit is a means by which one postpones the payment of actual money for goods or services. Instead of paying cash for a purchase or for services rendered, one agrees to pay at some future time. One who receives credit becomes *indebted* to another. There are several ways in which this agreement may be expressed, but the important thing is that there is a postponement of payment. In economic living, even for the individual, it is necessary that credit shall be used from time to time. It is not always convenient, or even best, to pay at once for things purchased. However, in most cases when one has the money with which to pay, it is best to pay cash for reasons which are discussed in this course in connection with the subject of buying.



What is a "budget plan"? Is it ever good, thrifty policy to go into debt for furniture to "start housekeeping"?
Think before you answer.

Basis of Credit. — In every case where one receives credit he creates a debt which he promises to pay at some future time. Credit can be obtained only by those whose promises are regarded as good because of the integrity of the individual making them, or because of property owned by the person making the promise. It cannot be emphasized too much that while other things are considered in extending credit, the creditor's honesty determines to a large extent his credit standing.

A person's ability to pay as judged by the property which he owns, or the salary which he receives, has something to do with his credit; but a person's character and reputation for honesty have quite as much, or more, to do with it. Since credit is necessary at times in economic living, it is important for people to develop character and to earn a reputation for honest dealing.

But honesty alone is not enough. Under unusual conditions even an honest person may not be able to keep his promise to pay as he agreed. Therefore, in giving credit to people we must take into consideration not only their honesty, which is the first consideration, but also their *financial standing*. By this we mean the amount and kind of property they own, their income, and any other financial backing which they may have. An employed person probably has better credit than has an unemployed one; a homeowner than a renter.

Why Credit Is Needed. — It is not always convenient to pay cash. Some people prefer to have an account at a store rather than to pay for each individual purchase as made. The desirability of this practice is discussed elsewhere in connection with the topic of buying. At this point it is emphasized merely as one of the reasons why some people regard credit as desirable and necessary. Credit avoids the necessity of always having cash on hand for day-to-day purchases. It makes it possible to order over the telephone without paying the deliveryman when goods arrive. Some people believe that it is easier to return unsatisfactory goods for which payment has not yet been made. They say that merchants dislike to give money back for goods returned.

One may purchase something and postpone paying for it until money expected is received. This may make it unnecessary to withdraw money from a savings account and lose interest on it.

The householder who uses gas receives a bill each month for the amount he has used. The company has trusted him to this extent. In the purchase of fuel he has used credit. It is possible to avoid the use of credit in the purchase of gas by the use of quarter meters. By this means a quarter is placed in a meter, and as much gas as a quarter will purchase has been paid for in advance. Those who wish to live absolutely on a cash basis may adopt this system where it is available and avoid the use of credit. The inconvenience of always having quarters on hand is to be considered. Perhaps the use of credit would be better.

Very few people can purchase homes if credit cannot be obtained. The great majority of people who buy homes do not have enough cash at the time to pay for them in full. They pay what they can and obligate themselves to pay the balance in the future. Thus it will be seen that the number of homeowners in the country would be greatly reduced but for credit. It already has been explained that homeowners are the backbone of any community. The more of them the better. They contribute largely to our economic security. They should be encouraged. For home buying, credit is essential and therefore should be encouraged.

These are but a few of the reasons why credit to the individual seems necessary. It, like cash, should be used carefully. The privilege of postponing payment should not be abused. A cash plan of living is more in accord with economic living than is excessive use of credit.

Borrowing on Credit. — It has been shown that credit is obtained in various ways, that credit is obtained whenever one becomes obligated to another to pay for goods or services in the future. Anyone who becomes indebted to another has obtained credit. Credit is used when goods are taken home on trial or for examination.

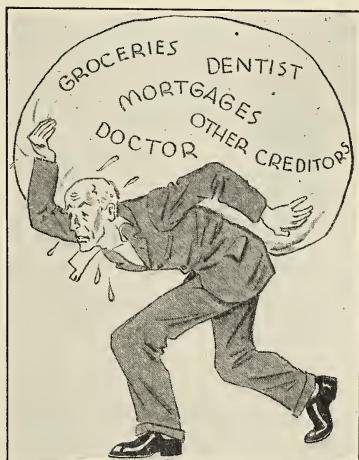
A common means of using credit is known as *borrowing*. One who borrows must have credit. A person who lends money believes that the person who borrows it will pay it back as he agrees. A borrower's credit should be good. Too often borrowing is done between friends, and the borrower's credit is not considered.

As a general rule one should not acquire the habit of borrowing from friends or others. On the other hand, there are times when borrowing is proper. It is the *habit* of borrowing, not actual borrowing itself, which is bad. It is easy to establish this habit and hard to break it. When borrow-

ing is too easy, people are likely to borrow more than they should. Friends dislike to refuse one who asks for a loan of money or something else. But friends frequently will be doing the right thing when they decline to lend. It is hard to make any general rule regarding this matter, but it is well known that lending freely to friends often leads to trouble.

It is equally important that one should not be selfish with one's money or property. In its use the needs of others should be considered. The lending habit is bad because it usually leads to excessive spending by the borrower.

Probably it is proper to say that one should borrow only in an emergency, and that when something is borrowed, it should be returned exactly as agreed. In this way, and in this way only, can one's credit be maintained. People will not continue to lend to those who do not return the things they borrow. People who forget their promises soon acquire the reputation of being persons who cannot be trusted. Such people soon will be unable to borrow even the things



Why is this man carrying such a burden? Is he one who lives according to sound economic laws?

they actually need. Credit is something to be built up and guarded carefully throughout one's life. It is never too early to establish a reputation for keeping promises to the letter. Only in this way can credit be established.

Credit Devices. — As has been shown, one is using credit whenever one becomes indebted to another person. Several devices are used in obtaining credit.

An Account. — An *account* at a store is a simple device for obtaining credit. To open an account at a store it usually is necessary to apply for this privilege. The proper official will make sure that the person applying for credit is entitled to it, that he will pay his bills promptly as they are rendered. References usually are required.


		IDENTIFICATION CARD
YOUR ACCOUNT		
IS NO. <u>14169</u>		
KIMBERLY'S New York N. Y.	THIS CARD MUST BE PRESENTED AT TIME OF PURCHASE	
IF CARD IS LOST NOTIFY US AT ONCE		

ILLUSTRATION 1. CHARGE ACCOUNT TOKEN

or coin of some sort used to prevent others from having things charged to the customer's account. Such a token is not necessary where the customer is known to all the salespeople in the store. If the token or identification card is lost, it is necessary for the customer to notify the store at once so that a dishonest finder will not be able to use it. A lost token or card is canceled, salespeople are notified by the store's credit department, and a new card or token is issued.

Promissory Note. — When one borrows money, it often is required that one give a written promise to pay back the amount borrowed when it is due. This usually is in the form of a *promissory note*. Illustration 2 shows a promissory note. This paper is a signed, unconditional written promise to pay a specified sum of money at a certain time to the person named or to his order.

The illustration shows that Richard Wallace promises to pay \$1,268.45 to John Downs, or his order, thirty days after the date of the note. In other words, for this period of thirty days Richard Wallace has used his credit in a transaction with John Downs. This note is the evidence that such credit has been used and contains the terms under which it has been granted.

This device is used also in other credit transactions. For example, if a person buys something of another and promises to pay for it at a definite time in the future, it may seem best to the seller to require that a promissory note be

In larger stores a charge customer often is given a *token* of some sort to be presented each time a purchase is made so that the salesperson will know that the purchaser has the right to have his purchases charged to his account. Such a token is shown in Illustration 1. This merely is an identification card

\$1268 ⁴⁵	Portland, Oregon, Sept 21, 193-
Thirty days after, date I promise to pay	
to the order of John Downs	
Twelve Hundred Sixty-eight ⁴⁵ / ₁₀₀	Dollars
Payable at	
Value received	
No	Due Oct. 21, 19-
Richard Wallace	

ILLUSTRATION 2. PROMISSORY NOTE

given for this transaction. In this case it is not charged to the account of the customer as an ordinary charge purchase. Such a note leaves no doubt as to the actual agreement which is entered into between the parties. There is nothing difficult about making such a note. There is no particular form in which it must be written, but the form shown, or one very similar, is used most often in such transactions.

When one owes another for services, a promissory note may be given to show that the services are to be paid for at a definite time. In fact, a promissory note may be used in any transaction in which one person becomes indebted to another and promises definitely to pay what he owes at a stated time. A note is better than a mere open account for several reasons, among which is the fact that it leaves nothing indefinite. It is definite as to its terms. There can be no misunderstanding about it.

The due date of the note shown in the illustration will be thirty days from September 21. This will bring the due date on October 21, which is the date on which the note should be paid. When a note reads "one month" instead of "thirty days," the due date is the corresponding date in the next month if there is such a date, and if not, the nearest date in the next month. A note made on May 21 for one month will be due on June 21, but a note made on January 31 for one month will be due on February 28.

The person promising to pay the amount called for in a note is called the *maker*. In the form shown the maker is Richard Wallace. His name appears in the lower right-hand corner near the end of the note. If the maker promises to pay "bearer" instead of a certain person or firm by name, anyone who rightfully holds the note when due may collect it. Since, however, the note shown is made payable to John Downs, or to someone whom he may order it paid to,

No. 492	CANTON, OHIO, <u>May 10,</u> 19 <u>—</u>
UNION TRUST COMPANY 56-59	
PAY TO THE ORDER OF <u>Bruce Hart & Co</u>	\$ <u>281¹⁶/₁₀₀</u>
<u>Two Hundred Eighty-one ¹⁶/₁₀₀</u> DOLLARS	
<u>In full to date.</u>	<u>John Doe</u>

ILLUSTRATION 3. A CHECK

no one can collect it except John Downs unless he has indicated by endorsement that he wants it paid to someone else. The ways in which endorsements may be written are shown in Illustrations 7, 54, and 55.

The Check. — The *check* is another device which is used in connection with credit. It is discussed in connection with the use of banking services. Nearly everyone is familiar with this credit device, as it is very commonly used. It is merely an order made by a person having money in a bank directing the bank to pay some of it, or all of it, to a designated person. The depositor has trusted the bank and, therefore, given it credit. A person accepting a check instead of cash is extending credit to the drawer of it and also to the bank on which it is drawn. He believes that the check will be paid when presented. Illustration 3 shows the proper form of a check.

Thus it may be said that the three credit devices most commonly used by individuals are these: (1) Charge account; (2) Promissory note; (3) Check.

Charge Account and Its Abuses. — Credit is a very useful thing. Without it business could not be carried on as at present. It would be necessary to trade things we have for things we want. Even paper money is one form of credit. It is a promise on the part of the United States Government or of a bank, to pay a certain amount of money in some form. It must be emphasized, however, that excessive use of credit can result only in financial difficulties and is contrary to sound principles of economic living. Use credit when necessary; use cash or other forms of property when possible.

People who charge everything they buy at the stores they patronize frequently use their credit excessively; they abuse it. They may buy too much; they may pay too much for what they buy; they may buy more expensive

things than they can afford; they may buy on impulse and without careful consideration, because it is so easy to buy and have purchases charged. At the end of the month or some other credit period, they frequently find themselves indebted for an amount greater than they can pay. Many purchases are regretted when it is realized that other things are needed very much more than are many of those bought.

Frequently those who buy over the telephone are given inferior goods or goods which they would not have selected for themselves. It always is difficult to return this merchandise, at least it causes much trouble to do so. Therefore, people are inclined to keep them to save themselves trouble even though they are not satisfied. This is contrary to principles of economic living. Full and proper value has not been obtained for money spent. Because purchases are not suitable, it frequently becomes necessary to make additional purchases. This leads to unnecessary duplication of purchases and results in financial loss.

The procedure in using a charge account should be the same as that used in buying for cash. Each time a purchase is made and charged, one should be sure that it is a suitable purchase, that it is exactly what is wanted and needed, that it is not priced too high, that it is not likely to interfere with the purchase of other things likely to be needed in the immediate future, and that the transaction is one that would have been made had there been cash to use for it. In other words, charge purchases should not be made less carefully than cash purchases.

Why You Should Understand These Things Now. — Boys and girls rarely charge purchases to their own accounts. But they may charge purchases to their parents' account when permitted to do so. Hence, they should appreciate how these accounts are handled and the dangers involved in their use. They should not urge parents to make ill-advised purchases for them merely because they have charge accounts which can be used in place of cash. Parents should be the best judges of the use which should be made of charge accounts as well as of cash.

The family is a co-operative enterprise. It is desirable that every member of it, even boys and girls, shall have an understanding of the requirements of economic living. Then it should be possible to handle the financial affairs of the family in accordance with good principles of business and economic living. Only in this way can the economic security of the family and its individual members be reasonably assured for the years to come.

Installment Buying. — By installment buying is meant the purchase of things with the understanding that they will be paid for in installments; that is, partial payments from time to time as agreed. This method of buying has come

into prominence in recent years. Automobiles, electric refrigerators, household goods of all kinds, and almost everything of value can be purchased on the installment plan. This is one of the devices by which credit is acquired and used. Like borrowing and the charge account it is not an evil in itself. The abuse of installment buying, however, is very bad from the standpoint of economic living. It is easy to use more credit than one has a right to use when this device is employed. In other words, people will buy some things which



What is wrong with this fellow's finances? Are there many like him?

they ordinarily would not buy if they can pay a small amount at the time of the purchase and pay the rest "out of income" as it is earned. If too many things are bought to be paid for out of expected income, other equally important demands which may be made upon it cannot be met. Buying too many things at one time, or things too expensive for the income of the purchaser, will make installment buying an abuse of credit. If people will apply the rules for buying which have been mentioned in connection with the discussion of buying for cash and on a charge account, they will not abuse their credit through this means.

If, as should be the case, a person is living according to a budget in which provision has been made for purchases of the kind usually paid for on the installment plan, then no harm can come from the use of the installment device. On the other hand, if people purchase goods or other things on the installment plan and expect to meet their payments out of funds not specifically intended for this purpose, or out of funds set aside for other purposes, they are likely to regret their purchases when installment payment periods arrive. Nothing will interfere with financial plans more quickly and surely than excessive installment buying. When installment purchases not specially provided for are made, promised payments have to be made from money intended for savings, recreation, food, clothing, shelter, or some other equally important item. In time this may force one to give up his carefully made plan for handling his income. This would be most unfortunate from the standpoint of economic living.

Credit Should Be Used Like Money. — Every adult should consider the subject of installment buying carefully and decide just how it should be used, if at all, in the light of a clear understanding of the dangers of this form of credit.

The main thing about using credit is to realize that it is the same as money in this respect: One can use only as much of it as he has. Each of us has a

limited amount of it. This amount may be increased from time to time as our income increases, or as our property holdings increase, but there always is a limited amount beyond which we cannot go with safety to our plan for economic living. What can I afford to buy on credit in the light of the credit I have available? This is a question everyone should ask before making a credit purchase or otherwise committing himself to the payment of money in the future. If this question is asked and answered honestly in the light of all the facts, there is little danger that one will use more credit than he should at any time.

99

Is anything wrong with any of these statements?

1. If one can postpone paying for anything, it is best not to pay cash
2. One should never buy anything unless he can pay for it at once.
3. The honesty of one who asks credit is not important, since if he has property, he can be made to pay a debt when it is due.
4. The best guarantee that one will receive credit when he desires it is a reputation for honest dealing.
5. Borrowing may be necessary at times, but one should not acquire the habit of borrowing.
6. One should never lend money to another under any circumstances unless he is sure that it will be repaid.
7. Easy credit often encourages one to buy too much.

100

Who is entitled to credit?

Make a list of the things which should be considered in determining whether or not to give credit to one who asks for it. Try to think of the things you would want to know about a person before trusting him for money to be paid in the future.

101

How is credit used?

Make a list of the ways in which people you know use credit. Having things charged at a store is one way. Almost every family uses its credit for things bought regularly. See how many ways of using credit you can think of for this list.

102

That little word "only"

Consider the following statement and explain what it may mean: The little word *only*, when used in connection with the price of things or the ease with

which they can be purchased and paid for, is a very important word from the standpoint of economic living.

103

Store account

1. Explain the steps usually taken in opening an account at a store.
2. Why is a token of some sort used by large stores?
3. Make a short list of reasons why people open accounts at stores and charge purchases to them.
4. Can you suggest any disadvantages of a charge account at a store?

104

Promissory note

1. What is a promissory note?
2. Make a list of the important parts of a note beginning with the date.
3. What does the maker of a note do?
4. What does the holder of a note have to do before he can transfer the note to someone else?
5. When the note is paid by the maker, what should the payee do with it?
6. How is this note used in connection with credit?
7. What is the relationship between the maker and payee of a note?
8. When a note is given for a purchase at a store, is the amount for which it is given charged to the maker's account at the store?
9. Why is a note sometimes better than a charge to one's account in a business transaction?

105

Using the following information, *write* the three notes called for :

	1	2	3
Date :	Today	Today	Today
Amount :	\$268.50	\$4,387.50	\$487.96
Time :	Thirty days	Two months	Ninety days
Payee :	George Wilson	Arthur Brown	Charles Warren
Maker :	Yourself	Yourself	Yourself

- (a) When will the first note become due? The second? The third?
- (b) Who is the debtor in each of the above notes? Who is the creditor in number 1? Number 2? Number 3?

106

Buying over the telephone

Discuss briefly the practice of buying over the telephone from the standpoint of economic living.

1. Is it always best to buy this way?
2. Is it ever best to do so?
3. Can money be saved effectively by making a trip to the store?
4. Is buying over the telephone a convenience?
5. Do we often pay too much for this convenience?
6. Does the practice of always doing a thing in the way it is most convenient sometimes lead to faults in economic living?

107

Young people and credit

Tell in your own words how boys and girls may make use of what they have learned in this unit about credit, even though they do not themselves buy things on credit. How may they co-operate with others in this matter? Try to think of several ways in which they may do this.

108

Installment buying

1. How does installment buying differ from the other uses of credit which have been studied?
2. Is it easier to buy too much when buying on the installment plan, or on the *budget* plan, as it is called, than it is in buying for cash or on a regular charge account? Explain your answer. Think about the matter carefully. Review the discussion of this topic if necessary.
3. If one thinks of credit as being the same as cash, one will have no difficulty in using it properly and in accordance with the rules of economic living. Explain what this statement means.

109

Go through the following list of words and be sure that you know how to spell and use them. Use a dictionary if necessary, or read again the statements in which these words are used.

- | | | |
|---------------|----------------|-------------------|
| 1. account | 6. duplication | 11. privilege |
| 2. agreement | 7. excessive | 12. promissory |
| 3. borrower | 8. indebted | 13. select |
| 4. charge | 9. installment | 14. token |
| 5. contribute | 10. integrity | 15. unconditional |

Figures teach economic lessons

1. A man has decided to buy an electric refrigerator which costs \$225. He has this amount in the bank and can pay for it in cash. However, he is told how easy it is to pay for it on the "budget plan" and decides to do so. He pays \$55 in cash and agrees to pay \$15 a month for twelve months.

(a) How much of his total payment is for interest on the money?

(b) Would it have been better for the man to have paid cash? How much would he have saved?

(c) Suppose the man was in the habit of saving \$15 a month and adding that to his bank account, and that the amount he paid on the refrigerator was the amount that he would have saved otherwise. Which do you think is the better plan: To pay cash and continue to deposit the \$15 in the bank, or to buy on the installment plan and pay the \$15 monthly to the store from which the refrigerator is purchased? Explain.

2. Suppose the above man has \$225 in the savings bank drawing interest at 4%. Would it be better for him to leave his money on interest at the savings bank and buy the refrigerator on the installment plan, or to pay cash and deposit his \$15 a month in the savings bank to build up his savings fund again?

3. On January 1 Warren Brown took out insurance on his automobile. The premium for the policy was \$57.60. It was suggested that he pay this premium on the installment plan. He did so, paying \$12.31 on February 1 and \$7.20 each month for seven months.

(a) How much interest did he pay for this extension of time?

(b) Suppose he had borrowed the \$57.60 on January 1 to be paid back on September 1 at 6%. How much interest would he have paid?

(c) At what rate of interest did the buyer of this insurance get his money under the installment plan?

(d) How much higher rate of interest did he pay than he would have paid if he had borrowed the money at 6%?

4. A man receives a letter in which the publisher of a set of books tells him that he can purchase these books for "only ten cents a day, merely the price of a cigar or a streetcar ride." He thinks he would like the books, and since the amount is so small he sees no reason why he should not order them, and does so. The publisher then sends him a contract which provides that he is to pay \$30 in cash, or \$36 in twelve installments of \$3 each.

(a) How much interest does he pay on the installment plan?

(b) If he had borrowed the \$30 for the twelve months at 6%, how much interest would he have paid?

- (c) How much less interest would he have paid by borrowing the money than he paid on the installment plan?
- (d) How much lower would the rate of interest have been had he borrowed the money than it was under the installment plan?
- (e) Do people who pay on the installment plan always realize how much interest they are paying? Why?

5. A lending company recently made this statement in a letter to people who might wish to borrow money: "\$100 will cost you only \$1.95 a month, and you may have ten months in which to repay your loan."

- (a) How much interest will a borrower pay on a loan of \$100?
- (b) If the whole hundred dollars is kept ten months and then paid back to the lender, what per cent of interest will be paid at the rate of \$1.95 a month?
- (c) If this loan of \$100 is paid back in equal monthly payments, how much will be paid off each month? Including interest, how much will the total monthly payment be?
- (d) If the borrower pays \$10 on this loan each month for ten months, he will have the use of

\$100	for one month for \$1.95 interest
90	for one month for 1.95 interest
80	for one month for 1.95 interest
70	for one month for 1.95 interest
60	for one month for 1.95 interest
50	for one month for 1.95 interest
40	for one month for 1.95 interest
30	for one month for 1.95 interest
20	for one month for 1.95 interest
10	for one month for 1.95 interest

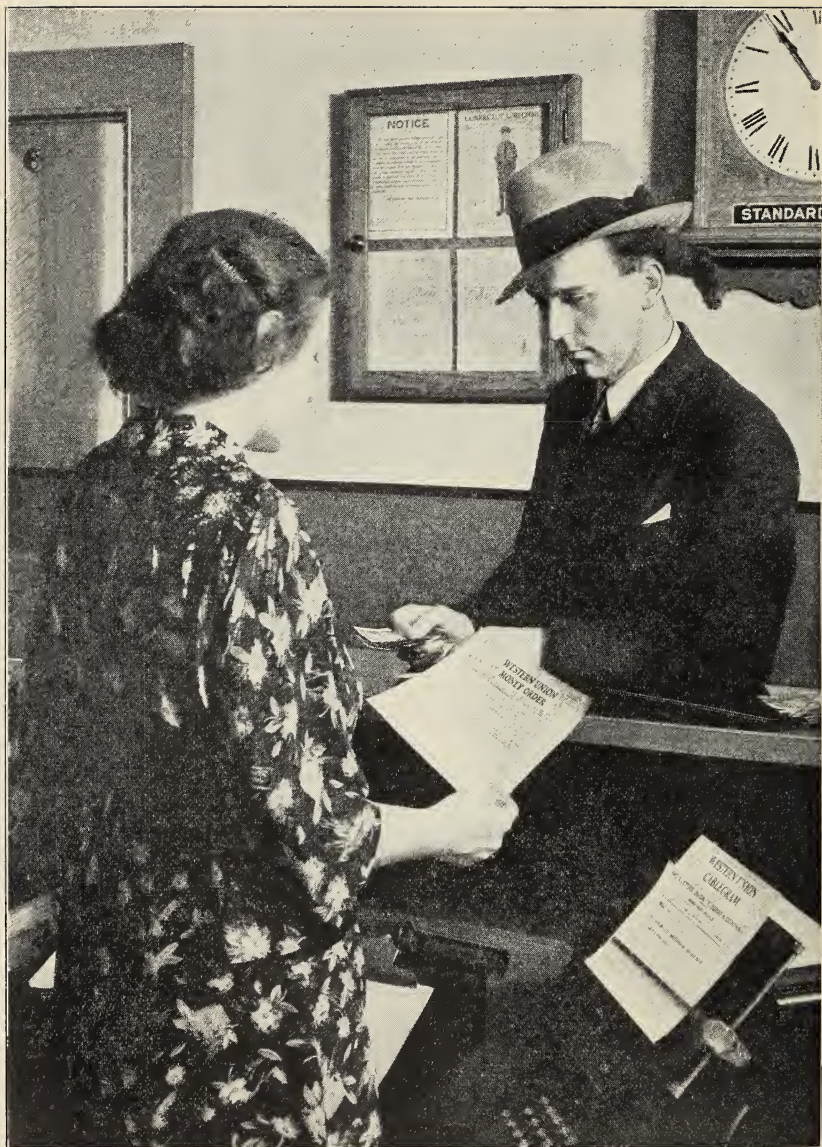
How much does he pay in interest?

- (e) What per cent does he pay for the \$100 one month? If this is the per cent paid for one month, what would be the rate per cent for twelve months?
- (f) What per cent does he pay for the \$90 one month? What would be the rate per cent for twelve months?
- (g) By adding the amounts shown in the table above, it is found that the borrower has the equivalent of \$550 for one month. How much is the total interest paid? What is the rate per cent per month which actually is charged for this loan?
- (h) From the above computations it will be seen that the annual charge for this loan of \$100 is what rate per cent?

6. Certain companies make a business of lending small sums to people who need money — usually not more than \$300. For each \$100 borrowed the borrower pays from \$2.50 to \$3.50 a month as interest for the loan.

- (a) What rate per cent a month is \$2.50 for a \$100 loan? What rate per cent a month is \$3.50?
- (b) At \$2.50 a month what will it cost to borrow \$100 for a whole year? What annual rate per cent will this be?
- (c) In 1930, one lending company lent \$70,000,000 to approximately 315,000 families. What was the average loan to each?
- (d) Should people borrow at this high rate of interest if they can possibly avoid it?
- (e) Should people ever borrow at this rate? Give reasons for your answer.
- (f) An advertisement says: "A family can borrow \$100 at a cost of only $8\frac{1}{3}$ cents a day." Does this statement suggest that it is a small rate of interest to pay?
- (g) At $8\frac{1}{3}$ cents a day how much would you have to pay for a loan of \$100 for 360 days?
- (h) Does the actual interest which you would have to pay seem much larger than it does when you think of it as only " $8\frac{1}{3}$ cents a day"?
- (i) Before borrowing money or going into debt in other ways, what should one do?

PART IV
HANDLING MONEY IN ECONOMIC LIVING



Ewing Galloway

An emergency? The telegraph company will help him meet it. A little forethought may prevent expensive emergencies.

UNIT 16

HOW OBLIGATIONS SHOULD BE PAID

Debts Must Be Paid. — Money must be spent at some time if any real benefit is to be obtained from it, since money is valuable only when it procures for us the things that we need and enjoy. There are a few principles in connection with the payment of money which should be considered.

Very few people can go through life without at some time owing others. It is best at times to make purchases of services or goods on credit. This requires a promise to pay for them at a future time. When this is done, the person making the promise to pay becomes the *debtor* of another person who is known as the *creditor*. As has been shown already, an individual who wishes to postpone payment for services or goods should have established his credit. In other words, he should have handled his financial affairs in such a way as to lead people to believe that when money is due from him, he will pay it as agreed.

We are not concerned here with the different means which can be used in the payment of a debt; we are concerned primarily with certain matters which have to do with payments in whatever form they may be made.

Convenience of Creditor. — When money is being paid, the convenience of the person who is receiving it should at all times be considered. Since, for example, it is inconvenient to carry large sums of money in the form of coins, it is not proper to offer payment in this form of money. It places a burden upon the person receiving it. It is not always convenient to use large bills. Hence, in making a payment of \$100 it is best to have the money in the form of small bills if possible. On the other hand, it would not be best to offer a person 100 one-dollar bills. Probably he would accept them, but he would be put to some inconvenience in getting them exchanged for larger bills. He certainly would be if the amount were much larger. Considering his convenience is a matter of courtesy which will be appreciated by the person receiving the money.

Convenience of Debtor. — In paying money use reasonably large denominations when possible. But remember that unusually large denominations, such as hundred-dollar and fifty-dollar bills, often are not convenient for the creditor. When paying out money, you should choose from the bills and change which you have the largest denominations which can be used in making the pay-

ment. This will leave smaller bills and coins for later use. For example, if you wish to pay \$7.85, the payment should be made in the following form, if you have the money in these denominations: Five-dollar bill, two-dollar bill, fifty-cent piece, twenty-five-cent piece, and ten-cent piece. It is not always possible, of course, to make payment in exactly this way. You may have to use a five-dollar bill, two one-dollar bills, three twenty-five-cent pieces, and a ten-cent piece. However, use the largest denominations which you have and which will make the correct amount. In this way you save your smaller money for the convenient payment of smaller amounts.

It is also advisable in making a small purchase at a store to use a ten-dollar bill, if you have one, so as to obtain some small change or small bills for use when you need them. It often is inconvenient to have nothing smaller than a ten-dollar bill when paying a local bus fare or some other small amount. If in paying \$7.85 you carelessly count out seven one-dollar bills and eighty-five cents in pennies, nickels, and dimes, you soon will use up your small money and be forced to ask someone to give change for some small payment which you may have to make. This is just a matter of habit. In most cases it will not make much difference, but in some cases it will. It is easy to form the habit of using the right denominations in making payments, and if this habit is established early, you need give no further thought to it. If you become treasurer of a school organization, this habit will be useful to you. Later, if you should engage in business and handle larger amounts of money, it will be still more valuable to you.

It should be added that in asking one to change a large bill you may be asking for small change which he needs. You should explain your need and ask that it be met only if it is convenient for the other person to do so. This is a matter of courtesy. Consideration for the other person's convenience will go a long way toward establishing a reputation for fair and considerate dealing. In this way you will make an important contribution to your needs in economic living. People will want to do business with you.

Pay When Due. — Payment of money should be made exactly when it is promised. If money falls due on a certain date, the debtor should make every possible effort to pay it on time. Late payment will affect one's credit and may lead to difficulties; it is not fair to the person who is to receive the money. He may plan to use the money and, failing to get it, may have to disappoint someone else.

As has been said in the discussion of credit, it is sometimes impossible to make payment exactly when it is promised. In such cases it is always proper for the debtor to go to his creditor and explain why he cannot pay it and ask

for an extension of time. The one thing that never should be done is to ignore the payment at the time when it is due, leaving the creditor to wonder why payment is not being made. It is not the business of the creditor to go to the debtor to find out why he did not make payment. It is the duty of the debtor to explain why he cannot make it. This is the only businesslike way to handle such a matter. The habit of acting in accordance with this practice should be established early. It is far more embarrassing to try to explain late why payment was not made than it is to make explanation at the time payment is expected. Most creditors will be reasonable if a debtor does his part. There is no disgrace in not being able to pay; there is disgrace, however, in not coming forward and explaining why payment cannot be made.

Know What Is Due. — When paying a debt, always be sure that the amount paid is exactly what is due. If you have a debt on which interest is to be paid, do not leave it to the other party to compute the interest. Calculate it yourself. Check the amount you get against the amount obtained by the other person; if they agree, there is not likely to be any mistake. Remember that mistakes lead to loss and are contrary to sound economic living. Mistakes, misunderstandings, and other trouble in connection with the payment of money are wasteful of time and money. They are enemies of economic living.

Be Careful in Making Promises. — Since you should make every possible effort to pay money exactly when it is due, you should be very careful in making promises. Do not promise to do something which you probably cannot do when the time comes. If you are asking for service or goods on time, calculate carefully in advance just when you can pay for them and then ask for as much time as you need. It is better to ask for a little more time than you need than it is to ask for less and then find yourself unable to pay when the due date arrives.

111

Do you know

1. Why money must be spent to be a real benefit to its owner?
2. Why debts must be paid at some time?
3. Why one must handle one's financial affairs honestly if one is to have credit?

112

Paying out money

1. Whose convenience should be considered when one is paying a debt?
2. List several things which should be kept in mind in making payment of a debt so as not to inconvenience the one to whom the payment is being made, the creditor.

3. Why use the largest possible denominations when paying a debt?
4. Would the above statement hold good in making a payment of \$37.50 if you had in your possession a \$100 bill, a \$50 bill, three \$10 bills, a \$5 bill, and some change?
5. We all need small change from time to time. How can we see to it that we have the change necessary if we have money at all?
6. If you find it necessary to have a large bill changed so that you may have small change for current use, what shall you say when you ask someone to make the change?
7. Is it fair to the streetcar conductor to offer him a \$20 bill in payment of your fare if you have smaller change? Why?

113

Making and paying debts

1. Why pay debts exactly when they are due?
2. Is it always possible to make payments exactly as promised?
3. What should be done in case the payment cannot be made? Why?
4. When making a payment, who should determine exactly how much is due, the one who is paying or the one who is receiving payment? When are mistakes most easily corrected?
5. Why are mistakes and misunderstandings enemies of economic living?
6. What should you be careful to do when you are making promises to pay money at a future time?

114

As your teacher may direct, *show that you understand* the meaning of the following words and that you are able to spell them.

- | | | |
|----------------------|-------------------------|----------------------|
| 1. <i>advisable</i> | 8. <i>debtor</i> | 14. <i>extension</i> |
| 2. <i>affect</i> | 9. <i>denomination</i> | 15. <i>nickels</i> |
| 3. <i>appreciate</i> | 10. <i>difficulties</i> | 16. <i>payment</i> |
| 4. <i>arrives</i> | 11. <i>eighty-five</i> | 17. <i>pennies</i> |
| 5. <i>benefit</i> | 12. <i>engage</i> | 18. <i>promises</i> |
| 6. <i>calculate</i> | 13. <i>example</i> | 19. <i>valuable</i> |
| 7. <i>creditor</i> | | |

115

1. Using a form similar to the one shown below, indicate the proper change for each of the following transactions. The first one is done for you. Always start with the amount being paid and count up to the amount of the bill being

used. For example: In taking \$2.63 out of a \$5 bill, count as follows: \$2.63 and 2 (2 pennies) are \$2.65; \$2.65 and \$.10 are \$2.75; \$2.75 and \$.25 are \$3; \$3 and \$2 (giving 2 one's or a two) are \$5. In actual practice we say \$2.63, \$2.65 (giving two pennies), \$2.75 (giving \$.10), \$3 (giving \$.25), \$4 (giving \$1), \$5 (giving \$1). Follow this practice in recording the change for these payments.

1. \$4.53 from a \$5 bill.
2. \$18.47 from a \$20 bill.
3. \$.36 from a \$5 bill.
4. \$42.18 from a \$50 bill.
5. \$9.43 from two \$5 bills.
6. \$1.03 from a \$2 bill.
7. \$12.38 from \$15 (\$10 and a \$5 bill).
8. \$.93 from a \$5 bill.
9. \$12.16 from a \$20 bill.
10. \$1.36 from a \$10 bill.
11. \$3.42 from a \$20 bill.
12. \$27.08 from a \$50 bill.
13. \$14.16 from a \$20 bill.
14. \$.87 from a \$10 bill.
15. \$.05 from a \$1 bill.

CHANGE FORM

AMOUNT BEING PAID	DENOMINATION OF BILLS USED	CHANGE IN BILLS					CHANGE IN COINS					STEPS TAKEN IN MAKING CHANGE
		\$20.	\$10.	\$5.	\$2.	\$1.	\$.50	\$.25	\$.10	\$.05	\$.01	
4 53	\$5.							1	2		2	\$4.55, \$4.75, \$5.

2. Suppose James Gray in a distant city owes you \$2.50 and sends you his personal check. You cash it at a bank and receive \$2.40 because the bank charges for its trouble.

- (a) How much less did you get than was due you?
- (b) What per cent less?
- (c) Is this fair to you?

3. Suppose Mr. Warren owes you \$130. It is due on September 10, but he neglects to pay until October 1. Then he gives you exactly \$130.

- (a) How long were you cheated out of the use of your money?
- (b) At 6% per annum, what would you lose because of this tardy payment?
- (c) For how much additional time did Mr. Warren have the use of your money?
- (d) What should he have paid you for it?

UNIT 17

SATISFACTORY WAYS OF SENDING MONEY

Millions of Dollars Lost. — Millions of dollars are lost every year because people do not employ the right method of sending money safely, or of *making remittances* as it is called. Most people at some time transmit money to others at a distance. Many buy from mail-order houses and make payment by mail. Some people have friends to whom they remit money occasionally or regularly. Many people have debts to be paid to people at a distance. Gifts of money are sent in various ways. Therefore, everyone should learn how to handle this important matter without risk or loss. Most losses are due to carelessness on the part of the sender. Sometimes it is carelessness in the choice of method used in making the remittance. In other cases it is carelessness in the use of the method employed. There are many safe ways of sending money, and one of these should be employed in every case.

Some Methods That May Be Used. — There is no one best way to send money in every instance. Circumstances of each case determine which method is best. At this point we are concerned only with those means which employ the use of money in some form. Money of some kind may be sent directly by registered mail. It may be mailed in the form of a *post-office money order*. It may be sent in the form of a *bank draft*. It may be remitted in the form of *postage stamps*. It may be sent in the form of a *certificate of deposit*. It may be rushed in the form of a *telegram*. However, in all these methods it is necessary to purchase the means of making the remittance, except in the case of registered mail. Even in this case the service must be paid for. We shall consider each of these methods of making remittances and indicate some of the considerations which should be kept in mind in deciding just which one to use. We are not overlooking the fact that a most common way of making remittances is by personal check. However, this method is discussed at another place in this course and will not be referred to further here. Just now we are concerned only with the handling of money itself in connection with remittances.

When Registered Mail Is Best. — Whenever you want a person to receive money at once, without having to go to a post office or bank to get it, it should be sent by registered mail. When sending money to people who live on rural

free delivery routes, this method is best, since the money will be delivered directly to them by the postman. This method also may be best when you send money to people who live in small villages in which there is no bank. It also may be the best means to use in sending money to elderly people who might find it inconvenient to get some other form of remittance cashed. Registered mail will place the money directly in the hands of the person for whom it is intended, and in such form as will enable him to use it at once without inconvenience. As in other business transactions, you should consider the convenience of others.

Cost of Registered Mail. — A fee must be paid for registered mail of this kind. There is an additional charge if the sender wishes the post office to bring back to him a receipt showing that delivery of a registered letter actually has been made. One may say that this is an expensive method to employ. Almost any method which may be used will cost something, except sending it by mail without registration. This is bad practice for several reasons. The sender will have no evidence that he has sent the letter containing money, or that the person to whom it is sent has received it. No money should be sent by unregistered mail unless the sender is willing to risk the loss. No one should be willing to risk even a small loss when it is so easy to prevent it.

Let us suppose, however, that a more economical means could be employed for the sending of money. In ordinary cases the least expensive means probably should be used. However, in the cases mentioned above — remittances to an elderly person or people who live at some distance from banks, stores, and other places where checks may be cashed — it is best to use registered mail because of its convenience for the receiver and its safety.

One who owes a debt really has no right to make payment in a form which will cause the receiver inconvenience or expense in obtaining his money. A debtor really is obligated to place the money, if possible, directly in the hands of his creditor. People ordinarily do not object greatly to the slight inconvenience caused by having to go to a bank or elsewhere to get cash for checks received; nevertheless, there are some cases where even that much inconvenience should not be caused those whom we owe.

It may be added that in sending money by registered mail convenient denominations should be used if possible. To send a very large bill may cause the receiver as much inconvenience as would be caused by any other form of remittance. To send a rather large amount in one-dollar bills, on the other hand, would make a large package, cost more postage, and probably cause the receiver inconvenience. Good judgment should be exercised in this matter.

Procedure in Sending Money by Registered Mail. — In sending money by registered mail it is necessary to place the money in a strong, securely sealed

envelope addressed properly to the person who is to receive the money. The return address of the sender is required. It usually is written in the upper left-hand corner of the envelope. The remittance should be accompanied by a brief letter stating how much money is enclosed and for what it is being sent. The letter should be put into the addressed envelope, sealed, taken to the nearest post office, and presented for registration at the window marked "Registered Mail." Small post offices do not have special windows. In such offices it should be presented at the general window. The registered mail clerk will collect for the necessary charges and give the remitter a receipt showing that the envelope has been registered on the date indicated. It is a good plan for the sender to write on the back of this registered mail receipt the name of the person to whom the money is sent and the amount, as there is nothing on the receipt to show how much money is being sent, or even the fact that money is being sent. It merely is a receipt showing that a registered letter has been accepted by the post office for transmission.

Receipt for Registered Mail. — If the sender wishes a receipt from the person to whom the money is sent, he indicates this fact to the post-office clerk and pays a small fee for the return of the receipt. In such a case the postman, when delivering the registered parcel, will ask the receiver to sign a receipt form which is provided. This receipt form is transmitted back to the original post office for delivery to the sender. In this way the sender gets a receipt for the parcel from the one who receives it. It is not a good *receipt for payment*, but it does indicate that registered mail was sent and received. When a receipt for money sent is very desirable, as in most business transactions, the remittance should be made in some other way.

If it is necessary, or even desirable, to make payment by registered mail and still have proof of payment, a slightly different procedure may be followed. A third party may be asked to count the money, place it in an envelope, address it to the person for whom it is intended, and then either take it to the post office and register it or accompany the sender while he does so. In this way the sender will have a witness to the transaction. In case of dispute it should be easy to prove that payment has been made. This procedure is mentioned merely as a possibility in exceptional cases.

Postal Money Order. — A commonly used means of sending small amounts of money is the postal money order. Such a money order may be purchased at the post office for any amount up to \$100. It is made payable to the person who is to receive the money and is payable at the post office in his place of residence.

Procedure in Using Postal Money Order. — The procedure in using a postal money order is as follows: Obtain a money-order application blank at the post

office and fill it out. Illustration 4 shows the form of this blank. When this blank has been filled out, it is handed to the post-office money-order clerk with the right amount of money, including a small charge for the money order. The buyer of the money order receives also a receipt from the post office. In large post offices there usually is a money-order window. In smaller offices you may purchase a money order at the general window. An illustration of a postal money order and receipt is shown in Illustration 5. You will note that the postmaster in a certain place is ordered to pay a certain amount of money to a designated person. The money order also contains the name of the person who is making the remittance.

The postal money order should be sent with a letter to the person who is to receive the money. The letter should state that the remittance is being made by postal money order and should indicate the amount of the order and for what payment is being made.

The person receiving the postal money order writes his name on it in the place provided for that purpose and receives from the post office named the amount of cash indicated. This money order when paid is retained by the post office. It contains the name of the person who has made the payment and of the person who has received it and, therefore, is a good receipt for such payment. It is not in the possession of the person making the payment, but in case of any misunderstanding, it or a copy of it can be obtained from the post office for use as evidence of payment.

A money order drawn in favor of a person living on a rural route may be paid through the carrier if entrusted to him for collection and accompanied by a written request addressed to the postmaster that payment be so made. Thus this form of payment may be used for a person who lives on a rural delivery route. There may be slight delay, perhaps of one day, before the receiver will

Form 6001		No. _____
POST OFFICE DEPARTMENT THIRD ASSISTANT POSTMASTER GENERAL DIVISION OF MONEY ORDERS		Stamp of Issuing Office
The Postmaster will insert here _____		
the office drawn on, when the office named by the remitter is in Alaska, and does not transact money-order business.		
Spaces above this line are for the Postmaster's record, to be filled in by him		
Application for Domestic Money Order		
Spaces below to be filled in by purchaser, or, if necessary, by another person for him		
Amount	_____ Dollars <u>12</u> Cents	
Pay to Order of	<u>American Book Co.</u> (Name of person or firm for whom order is intended)	
Whose Address is	<u>No. 22 Lexington Ave.</u> Street	
Post Office	<u>New York</u>	
	State <u>N. Y.</u>	
Sent by	<u>F. H. Nichols</u> (Name of sender)	
No. _____	<u>27 Victoria Circle</u> Street	
City and State	<u>Newton Centre, Mass.</u>	
PURCHASER MUST SEND ORDER AND COUPON TO PAYEE (FOR FEES SEE OTHER SIDE) c6-7156		

ILLUSTRATION 4. POSTAL MONEY-ORDER REQUEST BLANK

60139 Boston, Newton Center Branch, Mass. 286083
OFFICE NUMBER SERIAL NUMBER
United States Postal Money Order
IDENTIFICATION REQUIRED
MAY 29 1936
POSTMASTER AT NEW YORK, N.Y.
PAY AMOUNT STATED ABOVE TO ORDER OF PAYEE NAME IN ALL CAPITAL LETTERS
NOT GOOD FOR MORE THAN LARGEST PAYMENT INDICATED OF LEFT HAND COLUMN
ANY ALTERATION OR TRANSFER VOID WITHOUT SIGNATURE OF POSTMASTER
PAYING OFFICE: PETER F. TAGUE, ACTING POSTMASTER
RECEIVED PAYMENT: \$10.00
STAMP HERE

Boston, Newton Center Branch, Mass. 286083
60139 OFFICE NUMBER SERIAL NUMBER
Coupon for Paying Office
HOLDERS MUST DETACH
WRITE WORDS FOR DOLLARS AND CENTS
AMERICAN BOOK CO.
REMITTER: J. F. Tague, Cashier, 217
C.O.D.
FACILE NUMBER

286083
RECEIPT
DOLLARS 10 CENTS
FOR REMITTER
TO DETACH AND HOLD
MUST BE PRESENTED AT
OFFICE ON DATE WHICH INQUIRY
INDICATES REGARDING
ORDER
MAY 29 1936
BOSTON, NEWTON CENTER BRANCH, MASS.

ILLUSTRATION 5. POSTAL MONEY ORDER AND RECEIPT

actually obtain his cash. But he will be put to little trouble in getting it. His convenience will be served.

Attached to a postal money order is a small receipt which should be torn off by the purchaser and kept until he is sure that the money order has been received by the one to whom it is sent. As this receipt does not contain the name of the one who is to receive the money order, his name may be written on it by the purchaser. This should be done if several money orders are sent at one time, so as to be able to select the right receipt in case it becomes necessary to have a lost money order traced or payment on it stopped.

Identification. — A person who receives a postal money order must be identified at the post office where the money is to be paid if he is not already known there. The post office must be sure that it is paying the money to the person for whom it is intended. No one should object to requests for identification before money is paid on a postal money order. If the post office pays the money to the wrong person, it may have to pay it again.

Requiring identification is a protection to the holder of the postal money order. He might lose it. In that case the finder could present it for payment. If it were not for the requirement of identification, the rightful owner would lose the amount of the order.

An individual who receives a postal money order should not endorse it for payment until he actually is at the post office ready to receive the money. If he endorses it at home and then loses it on the way to the post office, there is always a possibility that a dishonest finder may cash it at a bank or store even though he cannot cash it at the post office without identification as the rightful owner. The risk may not be great, but it should be avoided if possible, as should every other risk of financial loss.

Certificate of Deposit. — This form of remittance is not commonly used, and yet it is satisfactory in some cases. A certificate of deposit is shown in Illustration 6. It will be noticed that such a certificate is merely a statement

\$ <u>4310⁰⁰</u>	SECURITY NATIONAL BANK 50-187 Albany, N. Y.	No. <u>387</u>
<u>Henry Randolph</u> <u>Aug. 18</u> 19 <u>—</u>		
<u>Forty-three Hundred Ten</u> <u>00</u> / <u>100</u> <u>00</u> / <u>100</u>		
has deposited in this Bank		
payable to the order of <u>himself</u>		
on return		
of this Certificate properly endorsed		
<u>Arthur Swanton</u> Teller	<u>S. C. Martin</u> Cashier	

ILLUSTRATION 6. CERTIFICATE OF DEPOSIT

by a bank that money has been deposited with it and that such money will be payable upon surrender of the certificate properly endorsed. A certificate may be endorsed to someone else, who may cash it.

Procedure. — In the purchase of a certificate of deposit it is necessary to take the money to the bank and ask for such a certificate. Upon deposit of the money a certificate will be made out in favor of the depositor. Then the depositor will endorse it if he wishes to use it in making payment of a debt. He will send it with a letter to the person whom he owes. The receiver will endorse it on the back and cash it at his bank in the usual way.

Certificate of Deposit a Receipt. — The actual certificate of deposit will remain in the hands of the bank which originally issued it. It is evidence that the

Pay to the order of George Wilson Henry Randolph	SECURITY NATIONAL BANK 50-187 Albany, N. Y.	No. <u>387</u>
	<u>Aug. 18</u> 19 <u>—</u>	
	has deposited in this Bank	
	<u>Forty-three Hundred Ten</u> <u>00</u> / <u>100</u> <u>00</u> / <u>100</u>	
	Dollars	
on return		
<u>S. C. Martin</u> Cashier		

ILLUSTRATION 7. SAME CERTIFICATE OF DEPOSIT ENDORSED

payment of the amount called for has been made, but like the postal money order, the canceled certificate of deposit is not in the possession of the person who has made the payment. However, it undoubtedly can be obtained if needed as evidence in case of controversy over the payment which was made.

Illustration 7 shows how Mr. Randolph uses the certificate of deposit to pay Mr. Wilson.

Bank Draft. — The most common way of sending money in large amounts other than by check is by means of the bank draft. To obtain a bank draft one must go to a bank and fill out a bank draft request form such as is shown in Illustration 8. When properly filled out, this request is handed to the teller at the bank. It is necessary of course to pay for it. There may be a charge for this draft, according to the practice of the bank and the amount of business which the person requiring it does with the bank.

Upon receipt of the money and the request slip the teller issues a bank draft in the form shown in Illustration 9. This is an order by the bank by which it is issued on a bank in some other city for the payment of the amount of money specified in the draft. It really is a check drawn by one bank on another bank.

Such a bank draft should be made in favor of the person who is remitting the money. He endorses it to his debtor and mails it to him. The one to whom the money is to be paid will have to endorse it to get the money. Thus the bank draft, like the certificate of deposit and the postal money order, carries evidence of the fact that payment has been made, by whom it has been made, the amount which has been paid, and to whom it has been paid.

Illustration 9 shows how George Hamlin could use the bank draft in paying a debt to Rollins & Son. He would send the draft to them, first writing on its

CENTRAL NATIONAL BANK		88-124
Houston, Texas		
For Drafts on New York		
TO ORDER OF	<u>Self</u>	AMT. <u>\$180.00</u>
PURCHASED BY	<u>George Hamlin</u>	
ADDRESS	<u>496 State St, City</u>	
DATE	<u>Sept. 8, 19--</u>	

ILLUSTRATION 8. DRAFT REQUEST FORM

<h2 style="margin: 0;">CENTRAL NATIONAL BANK</h2> <p style="margin: 0;">Houston, Texas</p>		88-124 No. 4875
PAY TO THE ORDER OF	<i>George Hamlin</i>	<i>\$180.00</i>
<i>One Hundred Eighty 00/100</i>		DOLLARS
TO NEW YORK COMMERCIAL BANK		1-76 <i>John Doe</i> CASHIER
New York, N.Y.		

ILLUSTRATION 9. BANK DRAFT

back: "Pay to Rollins & Son, or order, George Hamlin." This endorsement is similar to the one used by Mr. Randolph in Illustration 7.

Telegraph Money Order. — When you desire to make a very rapid transfer of money from one place to another, a telegraph money order may be used. To send money in this way, request a telegraph office to send an order for the proper amount to the person to whom you wish to pay the money. For this service the telegraph company will make a charge. You pay directly to the company enough for the charge and the amount which is to be transferred. The telegraph company then telegraphs an order to its office in the city in which the person who is to receive the money lives, directing that the money be paid to him.

Before the money can be received by the designated person, he must be identified so that the telegraph company may be sure it is paying the money to the right person. This method is somewhat more expensive than other methods and should be used only when it is necessary. A person sending money in this way will get a receipt from the telegraph office for the money transmitted and, therefore, will have evidence that payment has been made to his creditor.

Postage Stamps. — In sending amounts of less than one dollar, stamps may be used. Smaller denominations of stamps are most useful and should, therefore, be sent in preference to larger ones. Larger amounts should not be paid in postage stamps.

Remittances

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1. List as many reasons as you can for using great care in sending money to people at a distance.

2. List as many methods as you can which may be employed in sending money to a distant place.

3. Name some of the things which should be considered in selecting the proper means to use for sending money in any given case.

4. Which of the ways listed require sending actual money? Which ones require sending substitutes for money?

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How would you send

1. A small amount of money to a person living in a village where there is no bank?

2. \$.36 to a friend who has been asked to mail a package to you?

3. \$50 to a person living on a rural delivery route at some distance from a village?

4. \$20 to a friend who wires you that he is being held until he can pay a fine for speeding which has just been assessed against him by a justice of the peace?

5. Which is the least expensive way of sending money? Why is this an undesirable method?

6. If you send a small amount by stamps, what denomination would you use? Why?

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List steps in sending money by

1. Registered mail.

2. Postal money order.

3. Bank draft.

4. Telegraph money order.

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How to get money for remittances

1. When you receive a postal money order, how do you proceed to get the money for it?

2. How would you secure the money on a bank draft which you might receive in payment of a debt?

3. What would you do with a telegraph money order if you received one?

4. How would you obtain cash for a certificate of deposit at the place where you are spending your vacation?

5. Why is identification insisted upon in cashing such forms of payments as are discussed in this unit? What is meant by identification?

6. Should a person who holds a post-office money order, certificate of deposit, or bank draft, object if he is asked to be identified before he is given the money? Why?

7. How does identification benefit one who is identified? At least, how does the practice of requiring identification benefit all who hold such evidences of debt as have been discussed in this unit?

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Make these words your own. Add them to your vocabulary. Use them whenever you have a chance. Put them into sentences.

- | | | |
|--------------------------|---------------------|-------------------------|
| 1. <i>accompanied</i> | 6. <i>obligated</i> | 11. <i>registration</i> |
| 2. <i>carelessness</i> | 7. <i>postage</i> | 12. <i>remittance</i> |
| 3. <i>draft</i> | 8. <i>postal</i> | 13. <i>route</i> |
| 4. <i>identification</i> | 9. <i>postman</i> | 14. <i>transmit</i> |
| 5. <i>millions</i> | 10. <i>receipt</i> | |

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Cost of remittances

1. What does it cost to register a letter without special insurance against loss of what it contains?

2. For insuring a remittance of \$175 in money, a post office charged \$.40. There is little chance of loss. Why insure such a remittance? What per cent of \$175 is \$.40?

3. The cost of a postal money order for \$75 is \$.20. The cost of sending \$75 by registered mail is \$.25.

(a) Which is the more economical?

(b) How much more does one cost than the other?

(c) What per cent more?

(d) Is either of these methods more convenient than the other for the sender?

(e) Which should be used in ordinary cases?

4. Millions of dollars go astray every year and fail to reach the people for whom they are intended.

(a) List several ways in which this increases the cost of running the United States Post Office Department.

(b) Who pays this extra cost?

(c) Whose plans for economic living are affected by this loss?

5. A large post office employs thirty clerks at an average salary of \$1,800 a year. One of them devotes two fifths of his time to tracing carelessly addressed letters containing remittances.

- (a) How much is spent for this unnecessary work?
- (b) What per cent of this clerk's salary is wasted because of people who are careless?
- (c) What per cent of the total amount paid to thirty clerks is paid for work made necessary by careless remitters of money?
- (d) Who pays for this waste in the end?

6. Mention three rules for sending remittances which will prevent this loss to the public for unnecessary work in tracing misdirected mail containing them.

7. It costs \$1 to register and insure a package containing \$1,000. At a certain bank a bank draft for \$1,000 costs \$.10. Postal money orders can be bought for amounts of \$100 or less. The fee for a \$100 money order is \$.22. Ten such money orders can be used. If you want to send \$1,000,

- (a) Which is the cheapest?
- (b) Which is the safest?
- (c) What per cent more does it cost to use registered mail than to use a bank draft?
- (d) Which of these methods would be most objectionable? Why?

8. A young man wishes to send \$10 to his invalid mother in a small town. He is confused because of the various methods that can be used in transmitting this money. As he thinks it over carefully, thoughts such as these come to him: "Mother cannot get around very well. There is no bank within ten miles. She needs the money quickly."

Registration costs \$.18; a money order, \$.11; a bank draft, \$.10; and currency unregistered, nothing.

- (a) Unregistered mail would cost only \$.03 for postage. What per cent more would it cost by registered than by unregistered mail?
- (b) Which method probably would be best, and which second best, having his mother's situation in mind? Why?
- (c) Why not send the money by telegraph?

UNIT 18

CARRYING MONEY SAFELY



Who is careless about economic matters in these pictures? How? Who is dishonest? What lessons do these pictures teach?

Need for Care. — It is necessary for everyone to carry sums of money. The amount depends on the circumstances of the individual. It should be remembered that carrying much money on one's person often results in loss. Holes develop in pockets, and money slips through. Pocketbooks laid down while making change may be forgotten when the transaction is completed. Shoppers, especially women, often lay their purses on the counter while examining an article. Thieves have little difficulty in stealing them. The purse snatcher on the streets of larger cities is altogether too common. In making change it is possible to drop a coin, or even a bill, and not notice it. These are but some of the ways in which people lose money when they carry much of it with them. We are considering economic living and have learned that any loss of money or other property tends to interfere with our plans for economic living. It is perfectly proper to spend money, to give money, and to save money, but it never is proper to lose it. One of the best ways of avoiding the loss of money is not to carry more than is needed for daily use. When one is around home, or in the pursuit of one's daily occupation, the amount needed may be very small. However, when one is traveling away from home, the amount must be larger. Judgment must be used as to how much it is wise or safe to carry.

Most careful men keep their pocketbooks in a certain pocket, one which is protected by an extra button to prevent its being "picked." In such a pocket, however, only paper money is kept. Coins usually are carried in some more easily accessible pocket and are more frequently lost. Even though such losses are small at any one time, they mount up if they occur fairly often. No loss is too small to prevent if this can be done easily. Women unfortunately are forced to carry handbags. They never should lay them down while in use; nor should they carry them loosely on the arm in an exposed position where they can be easily opened in a crowd or at a counter while goods are examined. Travelers frequently use a *money belt* in which may be carried money in excess of what is required for the day's expenses.

Importance to You. — Boys and girls may think that the advice given above is not of great importance to them, since they have such small amounts of money anyway. The fact is that this advice is of quite as much importance to young people as it is to older people. Boys and girls every day are engaging in play activities which make the carrying of even reasonably small amounts of money inadvisable. Almost every boy and girl can remember having lost money while at play. Unfortunately, loss through theft at school and in other places is not entirely unknown. Small sums are quite as attractive to dishonest young people as large sums are to dishonest older individuals. But the importance of this whole matter lies in the fact that it is necessary to establish correct habits in the handling of money early in life, so as to guard against unnecessary loss in adult life when habits are not so easily broken or formed. No one can steal money unless there is an opportunity to do so. No opportunity will exist when people are sufficiently careful in the handling of their money.

Danger of Showing Money in Public Places. — It should be mentioned also that those who make a practice of exposing rolls of bills in public places are likely to lose some of their money, or all of it, through theft. The display of money, especially in public places, is an invitation to dishonest people who may be present to steal it. If people were more careful in the handling of their money, there would be fewer thefts and hence loss because of them.

When money is stolen, there is more than a personal loss. A community suffers in proportion as its people are careless with their money and thefts of it increase. Police protection is increased proportionately to the amount of stealing and other crimes in a community. Police protection costs money. The public must pay for it. The individual who does anything to increase any such public expense is causing himself and others economic loss. Economic living cannot be achieved either by the individual or by the community when the members of a community are careless in the handling of their money.

Careless Spending. — There is another suggestion that should be made in this connection. A person is more likely to spend when he has considerable sums of money with him. Having the money to buy, he buys what is not necessary; often what he would not buy if he had more time to think about the purchase. If he has to wait until he can get the money from his bank, or from some other place where it is kept, he may decide to postpone the purchase. Under this condition one is not likely to spend one's money foolishly. This simply means that it is good economic policy to carry as much money as is needed for the expected expenditures of the day and to leave surplus money beyond this amount at home, or in the bank, or in some safe place. One's own experience is one's best guide in determining how much to carry.

General Rules. —

1. Carry only what seems to be necessary.
2. Use a pocketbook or purse with a secure fastener.
3. Form the habit of keeping this purse or pocketbook in a particular place.
4. Never lay a pocketbook or purse down in a public place.
5. Count your money carefully from day to day and know exactly what you have.
6. Do not carry so much ready money as to induce careless spending without proper consideration of each purchase.
7. Never display large sums of money in public.
8. Begin early to pay more important bills by check and thus avoid the handling of larger sums of money.
9. Try to keep the money you carry in denominations which are convenient for daily use.

Most People Travel. — In these days of the automobile and other convenient means of transportation most people travel to some extent. They travel for pleasure; they travel on business. This necessitates carrying sums of money, large or small, according to the length of the journey.

People who travel among strangers must have funds in a form which will be convenient for ready use and yet not be subject to possible loss through theft or otherwise. For this reason substitutes for money are provided in various forms and by various agencies. A few of these are discussed at this point.

Ordinary Check. — One may be able to pay one's bills by personal check even while traveling. Banks and others will require identification before they will cash personal checks. If one is to be with friends who can conveniently cash checks when money is needed, this means of carrying money may be satisfactory. It has an advantage over other means in that it costs nothing. This is of importance from the standpoint of economic living. Unnecessary expenses

should be avoided. However, it must be remembered that someone will be put to a little trouble at least, either in cashing a check, or in identifying the traveler at a bank. The circumstances of each case will determine whether or not an individual should ask a friend to render this service for him. It is important to save money, but it is also important not to impose upon friends.

It should be remembered that banks, hotels, railroads, and individuals do not make a practice of cashing checks for people they do not know nor for strangers unless they are vouched for by some person whom they know.

Certified Check. — A certified check has the advantage of being guaranteed by the bank on which it is drawn. It passes more freely than does a personal check without such certification. It costs nothing. As in the case of other money orders, identification is necessary when having a certified check cashed. In places where the traveler has someone to identify him, it is a fairly satisfactory means of carrying money.

To obtain a certified check this procedure is followed: Write a check for the amount desired, making it payable to the one to be paid. Take it to the bank on which it is drawn and ask that it be "certified." The proper bank official will mark the check in such a way as to show that it will be paid when presented. See Illustration 10. *Certification* means that there is the required amount of money on deposit in the bank and that it will be held to pay this check when presented for payment. When the person named in the check is ready to use it, he endorses it with his name on the back and has it cashed by a bank, or by someone else who is willing to do so.

No. <u>391</u>	MERCHANTS BANK 4-92		
	St. Louis		
		St. Louis, Mo. <u>Jan. 5, 19--</u>	
Pay to the order of	<u>Walter Hamilton</u>		\$ <u>29.70</u>
<u>Twenty Nine 70/100</u>			Dollars
CERTIFIED JAN 5 19-- MERCHANTS BANK By <u>Walter Hamilton</u> Cashier	<u>Theodore Kelley</u>		

ILLUSTRATION 10. CERTIFIED CHECK

If a person is going to a certain place to remain a considerable length of time and wishes to transfer a sum of money from his home bank to a bank in the place where he is to stop, the certified check is a good means by which to carry the money from his home bank to the new bank. But for the general use of travelers it is not so satisfactory as is the American Express money order, or the banker's check, or even the postal money order under certain conditions.

Safety, low cost, and convenience are the three things to keep in mind in selecting any of these means for carrying money while traveling. All are essential to economic living and should be considered carefully whenever travel money is needed.

Postal Money Order. — In almost every village of any size there is a post office where a postal money order can be obtained or cashed. Therefore, this is one means by which money can be carried safely. The method of obtaining and using a postal money order already has been discussed on page 161. A person who wishes to use a postal money order as a means of carrying money safely should go to the post office in the city where he lives and purchase postal money orders in desired denominations, payable to himself. They should be payable at post offices where he expects to be during his travels.

Postal money orders will be useful only to one who is planning to be in a certain place for a definite time for any purpose. It will be necessary to be identified at the post office when money orders are cashed. A person who spends his summer vacation in the same place year after year may be known to the postmaster. At any rate, he surely will have acquaintances in the community who can identify him.

A person who expects to stop at a number of places, visiting relatives or calling on business people, may use the postal money order in the same way. This assumes that he will have someone to identify him at the post office in each place.

The postal money order is not generally used for this purpose, and yet it has its advantages, especially if an individual is to spend some of his time in the country on rural delivery routes. As has been shown, a postal money order may be cashed through the rural delivery carrier.

Traveler's Check. — At small cost you may buy American Express Travelers Cheques at any bank in ten dollar, or any multiple of ten dollar, amounts. The procedure in obtaining these checks is as follows: Go to a bank and fill out an application for the checks you desire. On this application you will indicate the denominations you wish. For example, you may ask for ten checks of ten dollars each. A bank official will prepare the checks and ask you to sign each one. After he has signed them also, you will pay him one hundred dollars

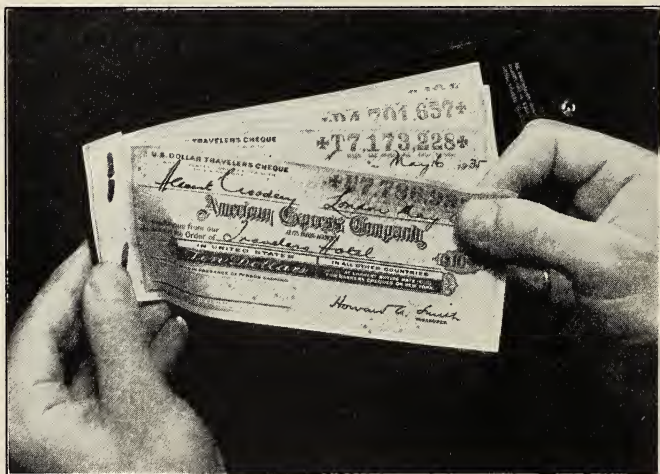
plus the small charge which the bank makes for this service, and then receive your checks. Often these checks are put up in the form of a little book from which they can be torn and used as needed.

American Express Travelers Cheques stapled together are shown in Illustration 11. It will be seen that this check is a promise of the American Express Company to pay the amount called for whenever the purchaser of it countersigns it and transfers it properly. The purchaser of a traveler's check countersigns it by writing his name in the lower left-hand corner exactly as he wrote it at the time of purchase in the upper left-hand corner. He does this in the presence of an official of the bank, hotel, or other agency which cashes it. Since this second signature is written in the presence of the official cashing it, it would be very difficult for one to forge the original signature because in attempting to do so he would require more time than would ordinarily be necessary to write his own name.

These suggestions are given by the American Express Company for the safe handling of these checks.

1. Guard these checks as you would your money or other valuables; do not expose them any more than is necessary, even when sending them.

2. Sign the checks in the upper left-hand space at time of purchase, but do not countersign them in the bottom space until you are actually spending them, and only in the presence of the person cashing them.



Courtesy American Express Co.

ILLUSTRATION 11. AMERICAN EXPRESS CO. TRAVELERS CHEQUES

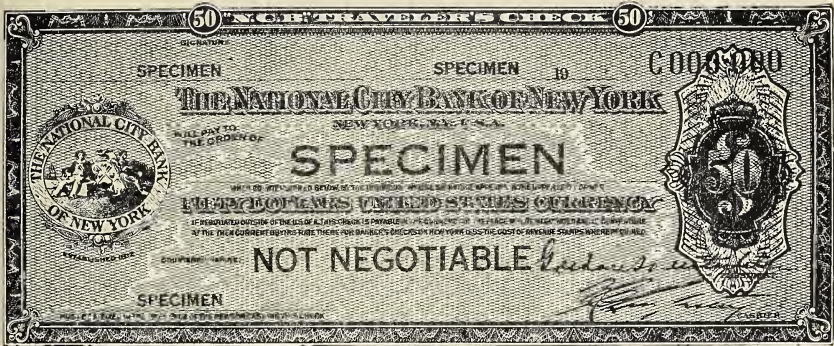


ILLUSTRATION 12. BANK TRAVELER'S CHECK

3. Carry these checks always on your person, but never in outside pockets; do not leave them unguarded in any place where they may be accessible to others.

4. In case of loss give immediate notice by telegraph, giving amount and numbers of checks lost, where purchased, and other particulars, to the nearest American Express Company office.

5. Make a record of the numbers of the checks purchased at the time of purchase so that they can be identified if they are lost or stolen and it becomes necessary to notify the American Express Company not to pay them.

Traveler's checks may be cashed at banks, hotels, express company offices, and at many mercantile establishments such as stores, filling stations, etc. This is one of the most widely used means of carrying money, as it is safe, convenient, and comparatively inexpensive.

One may buy also at banks traveler's checks that are issued by certain large bank organizations. These checks may be used much in the same way as are American Express Company Travelers Cheques. It will be seen from Illustration 12 that a bank traveler's check is a promise by a bank to pay a certain amount of money to the purchaser of it when he properly countersigns and delivers it.

Letter of Credit. — People who travel in foreign countries often use what is called a *letter of credit*. This letter is written by a bank in this country to any bank abroad. In it the American bank agrees to cash any order for money up to a specified amount which the holder of the letter of credit may draw and have cashed at a foreign bank. This method of carrying money is mentioned so that pupils may know that there is a convenient and safe way to carry money when traveling in foreign countries.

Losing money**122**

1. List ways in which people lose money carried in their pockets or purses.
2. List several ways of preventing the loss of money being carried.
3. What has habit to do with the loss of money?
4. When should the habit of taking care of money be established? Why?
5. Who often is to blame when money is stolen. Why?
6. One need not bother about small sums of money. Is this true? Why?
7. When people carelessly leave money exposed where it can be stolen, who suffers by this practice?
8. List the ways in which people may carry money while traveling without risking loss of large sums.

Spending money**123**

Write a brief statement, or be prepared to make one as your teacher may direct, indicating the relationship between the amount of money one carries and the habit of careless spending. Make references to the amount of money that one should carry and to any other item which may be helpful in deciding what to do about this matter from the standpoint of everyday economic living.

124**Be prepared to discuss the following statements:**

1. A certified check is no better than an ordinary check since, after all, it is the check of the person who has signed it.
2. A person who has money in the bank will be able to pay all of his bills by check while he is traveling, even in distant places.
3. The expense of banker's checks, express money orders, and postal money orders is too great; people might better take the risk of carrying the money they need unless the amount is very large.

125

The following words *should be added to your vocabulary* in the usual way:

- | | | |
|----------------|----------------|----------------|
| 1. article | 8. imitate | 14. snatcher |
| 2. attractive | 9. inadvisable | 15. sums |
| 3. banker | 10. police | 16. temptation |
| 4. coin | 11. purse | 17. theft |
| 5. countersign | 12. remitter | 18. thieves |
| 6. forger | 13. shopper | 19. traveling |
| 7. identified | | |

126

1. A boy has \$.65 in his pocket and loses \$.45. What per cent of his money did he lose? At \$.25 an hour, how long would he have to work to make up for his loss?

2. A girl has \$1.25 in her purse which she leaves on the lunch counter at school. Someone takes it and does not return it. The girl's allowance is \$2 a week. What per cent of her allowance for a week has she lost?

3. A boy has \$1.50. He buys a ticket to a school concert for \$.35. What per cent of his cash has he used for this ticket? Suppose he loses the ticket and has to buy another one; what per cent more has the concert cost him than it should have cost him?

4. A young woman enrolled for a course at a college. The tuition was \$40. Between the time of her enrollment and the time the tuition was due she lost the \$40 she had saved for this course. The school lent her \$40 with which to pay her tuition and charged 6% interest for three months. How much did the course actually cost her? The young woman's income was \$95 a month. What per cent of one month's income did she lose when she lost \$40?

5. Would it be fair to say that the course which this young woman took cost her \$80 plus the interest she paid for the borrowed money? Explain.

6. A young woman and her brother took an automobile trip across the country. The problem of how to carry a sufficient amount of cash safely was a problem of much concern. The brother insisted that he was capable of protecting the money. The young woman insisted that, if not stolen, it might be lost. After some inquiry they decided to use Travelers Cheques. The cost of these checks was \$.75 per \$100.

(a) If they bought \$400 worth of checks, what was the cost?

(b) What per cent of the \$400 was the charge for the checks?

(c) Can you think of any other ways of carrying money on a trip of this sort? Discuss each.

(d) Is care in the handling of money any advantage to the community in which you live? Explain.

7. A boy has a quarter, a dime, a nickel, and six pennies in his pocket. While playing, the dime is lost. He says, "It's only a dime. That isn't enough to worry about." Can you show him by the use of figures that it is important?

8. Mrs. Jones drew \$850 from the bank, placed it in her handbag, and went to an office on another street to pay a debt. When she arrived she found her money gone. She paid 60¢ for an advertisement in the "Lost" columns of the daily paper. Later the finder returned the money. Mrs. Jones gave him \$10 as a reward. What per cent of her money did she really lose? Is that much?

9. Mr. Brown always carries his change loose in his pocket. In one week he lost the following amounts when making change, pulling his keys out of the same pocket, and in other ways: 35¢, 10¢, 50¢. The average amount of change carried each day was \$1.25. What per cent of his weekly change did he lose? Would it pay him to be more careful?

10. Henry Cushman always starts out every morning with \$10 in small bills in a vest pocket for convenient use during the day. He carries a much larger amount in a pocketbook in another pocket to use in larger daily business transactions. Is his practice a good one? Be prepared to discuss it quite fully. Twice in a single month (July) he lost bills, amounting to \$8 and \$6. What per cent of his small bills did he lose that July if he started out with a new roll of \$10 each morning?

11. Mrs. Charles Karless carried \$350 in bills on a shopping tour. She made purchases costing as follows: \$26, \$38, \$18.50, and \$76.80. She put \$5 into the Salvation Army box. When she arrived home, she discovered that the remainder of her money had been lost or taken from her handbag. What per cent of her money did she lose?

12. Albert Loser liked to "show off" with his money and always took out bills at school when small change would do as well. He took pride in showing a roll of bills whenever he could. During vacation he had earned \$63, spent \$32, saved \$31, deposited \$20 of it, and obtained one-dollar bills for the balance, which were stolen or lost the first day at school. How much did he lose? What per cent of his earnings? Of his savings? What did his pride really cost him?

PART V

PRIMARY AIDS IN ECONOMIC LIVING



A home-loving family practices thrift.

Philip D. Gendreau

UNIT 19

THRIFT IN ECONOMIC LIVING



The first picture shows a girl at work earning money. What four steps in economic living are shown in the other four pictures?

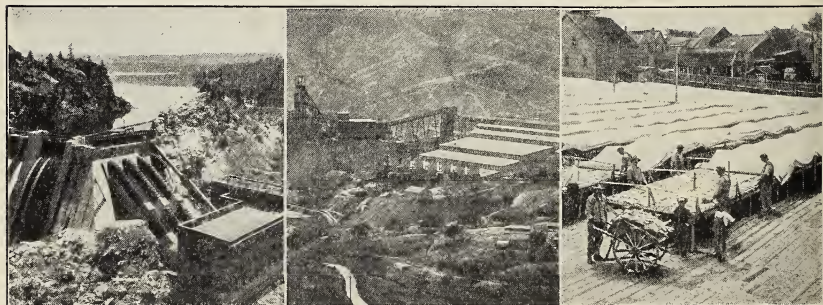
What Is Thrift? — Thrift may be defined in a general way as the management of one's economic life in a systematic and efficient manner. Truly economic living requires the practice of thrift. Thrift is the practice of using economically things possessed, but it is more than this. It cannot be thought of in terms of money only. It does not mean merely saving money. Saving is but one part of thrift. An individual who really is thrifty tries to use his time, his money, his mind, and every opportunity which comes to him in the most effective way; that is to say, he tries to get the most possible out of these things.

As has been shown, if a person is not thrifty in the use of money, he is not likely to live a truly economic life. But on the other hand, it must be remembered that money usually is the result of labor and sacrifice. If one has to labor to obtain money, he must devote time to some worth-while enterprise. If he makes the most out of his labor, he must economize his time. A person should not take more time to do a thing than is required. If he does, he will not have time enough to do the many things which he wants to do. In this connection it may be pointed out that it is always bad practice to waste time on any job. Wasted time rarely brings any adequate return in the form of economic goods. Waste of time, as well as waste of money, is absolutely opposed to the idea of thrift. One who is thrifty in some ways may not be thrifty in others. But it is only those who are thrifty in all ways who can hope to reap the largest rewards from the thought and effort which they put into their economic life.

Each individual has a certain amount of ability which he ought to use and develop to its fullest extent. It is not always those with the largest amount of ability who accomplish the greatest amount of work. Often it is those with less ability who are most successful in economic affairs, because they have learned to be thrifty in the use of their time, energy, and opportunity. They do not neglect any one of these things. They do not make the mistake of thinking that if they are thrifty in the use of money only, they will be successful in economic affairs. A time waster is a money waster. A time waster is a waster of energy. A time waster is a waster of opportunity.

Since thrift is not defined as being merely right use of money, it is very important that young people shall learn to be thrifty in all economic activities. They should learn to avoid waste in all economic matters, including those which have to do with the purchase and use of food, clothing, home furnishings, and many less important things, such as pens, pencils, paper, etc.

Natural Resources and Thrift. — Thrift is a trait everyone should cultivate, because it is only as this trait is cultivated that it has any very real influence on our lives. In other words, we must form the *habit of thrift*. The inhabitants of our country are not noted for their thrift. Many foreign people are more thrifty in the use of common everyday things which all people have. In the United States we have come to think of our natural resources, opportunities, and other things as being inexhaustible. It is becoming evident, however, that even those things which seem to be most plentiful ultimately may become scarce. For example, there seems to be a surplus of gasoline at present, but the time may come when we shall be dependent upon other parts of the world for the gasoline we use.



Society for Visual Education

The left-hand picture shows a hydroelectric plant on the Spokane River; the center picture shows a great copper mine in Arizona; the right-hand picture shows the drying of codfish at Gloucester, Mass. What use is made of each of these resources? May these resources give out some day? What should people do to have the use of them as long as possible? What natural resources are to be found in or near your community? Is their supply being exhausted?

There is an abundance of coal, but the time may come when we shall have to find a substitute for coal or procure it elsewhere. If we make inquiry, we shall find that lumber is by no means as plentiful as it once was. In the early days of this country it was customary to cut down trees and burn them to make



U. S. Forest Service

What is happening here? What is the probable cause? Who really stands this loss? Is anything being done by the government to prevent such losses? What can we do about it?

way for agriculture. We already have reached the time when much of our lumber comes from other countries. The wood used to make paper is obtained elsewhere. We now wish we had much of the timber that was wasted in the early days. Even in the building of houses a comparatively few years ago, there was much waste through the use of unnecessary lumber. The tendency now is to use relatively less in each house. In other words, there is now a trend toward conserving or saving lumber for future use. This does not mean that we should not use all that we need at the present time, but it does mean that we should not indulge in wasteful practices in the use of timber for building or other purposes.

Waste of Gasoline. — An apparently almost inexhaustible supply of gasoline has been mentioned. Perhaps you have read much about the oversupply of this commodity. As it is often stated, there is too much of it *above ground* at all times. This seems queer. Why should there be too much of it, and why is it particularly bad to have it “above ground”? Of course the answer to this is partly that gasoline above ground is evaporating quite rapidly, and in all evaporation there is waste. The gasoline which evaporates benefits no one. There

are many other ways in which gasoline above ground is wasted. An oversupply of almost any commodity leads to extravagance in its use. Extravagance in the use of any commodity is very close to, if not quite the same as, waste. All such waste, as has been said, is opposed to thrift.

The time may come when the common commodities which we associate with our natural resources will come to an end. There are very few things of which there is an inexhaustible supply. We as individuals have no right to hurry needlessly the coming of the day when our natural resources shall be inadequate to meet our needs. It is our responsibility to conserve our resources for the benefit of ourselves and the generations to come after us. Natural resources do not belong to us any more than they do to those who are to come in succeeding years. We are entitled only to our share, and our share is only what we need. If we use more than we need, we practice a sort of selfishness which cannot be justified on any grounds. All right-thinking people recognize the need for thrift in the use of natural resources and, in fact, in the use of all material things which contribute to our comfort and happiness and economic well-being.

Thrift is one of the surest means to a competency. By a competency we mean a sufficient quantity of this world's goods to insure a reasonably high standard of living at present and in the years ahead. Each individual has the right to a certain amount of comfort, absence of financial worry, and economic security in general. Waste leads to want or dependence upon others, financial worry, inability to help others, and the lack of time or money for social services of various kinds.

Kinds of Thrift. — From what has been said, it will be seen that there are several kinds of thrift. As far as economic living is concerned, the following kinds are by far the most important: First, thrift of money; second, thrift of the things which money buys; third, thrift of time used in earning money; fourth, thrift in the use of the energy which we spend in doing the work for which we receive financial reward. All of these kinds of thrift must be practiced by any boy or girl who would lay the foundation for satisfactory living from the standpoint of economic security.

127

Do you know what thrift means?

At the outset in our study of thrift we should consider our own habits in our economic affairs. We should ask ourselves certain questions and answer them as accurately as we can. These questions should be answered again near the end of the course to ascertain whether or not we have improved our habits with respect to economic living. Before answering these questions, however,

we should be sure that we understand what is meant by thrift. Be prepared to tell or write, as your teacher may direct, just what you understand by thrift after having studied this unit.

128

Now that you have considered what thrift really means, you may answer the following questions, remembering that in doing so you are laying a good foundation for the further development of habits of thrift and thus of economic living.

Am I

1. Wasteful of money?
2. Often without money for the things I wish to buy?
3. Without money because I do not have enough, or because I do not use what I have wisely?
4. Sure that the last three purchases I made can be defended on the grounds of thrift?
5. Likely to get my money's worth for the money I spent?
6. Careful to make sure that what I am buying is what I really want or need, and that the price I am paying is not too much?
7. Careful not to buy something more expensive than I can afford when something less expensive will do quite as well?
8. Trying to save a little of the money I have each week or month?
9. More concerned about getting additional money than I am about using what I have thriftily?
10. Inclined to hold on to the money I have for things I may want later, or to spend it at once without regard for future needs?

129*Think these things over*

1. Explain the relationship between thrift and economic living.
2. Does thrift have anything to do with things other than money?
3. Is saving the most important thing connected with thrift? If not, what else has to do with the development of sound habits of thrift?
4. If a person is thrifty in some things, is he sure to be thrifty in other things? Or is he likely to be more thrifty with respect to certain matters than he is with respect to other matters?
5. Is it selfish to be thrifty? Can one be generous and still be thrifty?
6. Is it always those who have the most ability who succeed best in their lifework? Explain.

7. Is it certain that one who knows what thrift is and how important it is in life, will be a thrifty person? Or is something more than mere knowledge of thrift necessary to thrifty living?

8. Benjamin Franklin tells us to beware of a small leak because it must be remembered that a small leak can sink a ship. Just what did he mean, and how does what he said have anything to do with thrift and economic living?

Which is better?

130

Here are two plans for handling money. One is used by James and the other by John.

1. James receives from his father \$15 a month for his personal needs. Fearing that he may spend this money faster than he should, and so be without money for his needs later in the month, he asks his father to give him his money in this way: \$3 the first of the month, \$4 the 8th, \$4 the 16th, and \$4 the 24th. He believes that this plan helps him to distribute his expenditures over the month more evenly.

2. John has an equal allowance, but he prefers to receive his \$15 on the first of each month and to use it throughout the month as he sees fit.

Be prepared to explain the advantages and disadvantages of these two plans as your teacher may direct. Decide, if you can, which of the two plans would be better for you, having in mind your own habits in the matter of spending money.

A good shopper

131

We often hear the statement that some person is a "good shopper." Just what does this mean? Should you think that such a person would be a thrifty person? Or does being a good shopper mean something else?

Are Americans thrifty?

132

Write a brief statement in which you will try to answer this question: Are we, as a people, thrifty in comparison with the people of certain countries less favorably situated from the standpoint of natural resources? Get all the facts you can upon this subject in addition to those given in this unit of instruction.

What are they?

133

List the four kinds of thrift mentioned in the text and explain what they have to do with an individual's natural desire to assure for himself and family economic security.

134

Study the following terms as may be necessary to add them to your vocabulary. Remember that merely knowing how to spell a word, or even define it, does not necessarily mean that it has been added to your vocabulary. It is only when a word can be used naturally and easily in conversation and writing that it becomes a part of your vocabulary. Use these words in sentences.

- | | | |
|------------------------|-------------------------|-----------------------|
| 1. <i>commodities</i> | 6. <i>efficient</i> | 11. <i>resources</i> |
| 2. <i>competency</i> | 7. <i>inadequate</i> | 12. <i>systematic</i> |
| 3. <i>concerned</i> | 8. <i>inexhaustible</i> | 13. <i>thrift</i> |
| 4. <i>dependents</i> | 9. <i>innumerable</i> | 14. <i>waste</i> |
| 5. <i>economically</i> | 10. <i>materials</i> | |

135

1. John's allowance is \$1.25 a week. Last week he did these things:
 Bought his lunch at school one day because he forgot to bring it from home, \$.28.
 Did not start for school in time one day and had to spend \$.10 for bus fare.
 Although he had a pencil, he bought another for \$.15 because a friend had one he liked.
 Bought a bottle of ink for \$.15 instead of adding water to the ink in his inkwell, which had dried up.
- (a) How much of his week's allowance did John needlessly spend? What per cent of his allowance did he waste? What per cent was mismanaged?
- (b) Because of John's thoughtless spending last week, he finds this week that he has not enough money for his needs as follows:
 A ticket for a school concert, \$.50.
 New shoestrings, \$.10.
 New pad, \$.10.
 Cap, \$.75.
 Repairs for his bicycle, \$1.

Assuming that John had nothing left from last week's allowance, how much does he lack of having enough to meet his needs this week?

- (c) If he borrows enough to meet his needs this week, what per cent of next week's allowance will be used up this week?
- (d) Name some of the bad results of John's lack of thrift.

2. A certain man starts life with this principle for his guide: "If I can't have the best, I don't want anything. There is no substitute for the best." He earns \$25 a week. His tastes are extravagant, and consequently he rarely has any money. On one occasion he went to see a musical comedy. Without hesitation he bought a \$2.50 ticket and a souvenir program for \$.50. Between acts refreshments cost him \$.50. After the show he went to a fashionable restaurant and spent another dollar.

(a) How much did he spend in all?

(b) What per cent of his week's pay did he spend?

(c) Does he need any advice? What suggestions can you make?

3. A certain friend of the above young man is a thrifty person, and his spending is the subject of many criticisms. He earns \$25 a week. He saw the same musical comedy but sat in a seat costing him \$.55. He bought refreshments but spent only \$.45 for them.

(a) How much did this young man spend?

(b) What per cent of his weekly salary did he spend that night?

(c) Of the two, which used the better judgment? Why?

4. The first young man remained at home the remainder of the week. The second went to a musical concert and spent \$.50 for admission. He rented a new book from a lending library for \$.12. At the end of the week, how much of the amount the first young man had spent for his one entertainment did the second young man have left for his savings account? Was this the only advantage of his method of spending?

UNIT 20

ENEMIES OF THRIFT

Miserliness. — This is the trait which identifies people who spend practically nothing and hoard their earnings without profit to themselves or to others. Miserliness is one of the worst economic traits that can be developed. The only satisfaction a miser gets is that which he obtains from the mere knowledge that he has money. He does not place his money in the bank where it will work for him but keeps it hidden in a secret place known only to himself. Since he does not put his money in a bank, it does not become useful to others who would like to borrow it for important uses. He does not invest it in other enterprises and thus contribute to the general welfare. A miser rarely is a good citizen.

A miser is not even providing surely for his old age. It has been shown over and over again that however carefully one may secrete one's wealth in the form of money, it can be stolen by those who are experienced thieves. Many misers have secreted their money in the house in which they live only to have it burned with the house. Others have found that money secreted in damp or otherwise unsatisfactory places actually may so deteriorate as to become of no value for use as money.

Miserliness of Few Affects All. — Miserliness undermines character. It usually is the result of selfishness, and its practice nearly always is the cause of still greater selfishness. It is quite likely that most misers think that they are doing a good thing when they put their money away merely to see it accumulate. Very few misers realize that hoarding is an antisocial practice. Hoarding does not do great harm when very few people practice this method of caring for their money. On the other hand, as has been shown recently, hoarding by large numbers of people actually may be one of the causes of economic depression which does incalculable harm to a great many people. It is well known that



What is this man doing? Is he wise?
Why? What name describes him?
How could a thrifty man make better
use of his money?

hoarding by very large numbers of people aggravated the economic depression which began in 1929. Finally the government had to take action in this matter. It was necessary to restore confidence on the part of the people in general so that they would return to banks the money they were hoarding. It is true, of course, that the hoarding which was practiced during this period of economic depression was not the result of miserliness in most cases. It was the result of fear that money deposited in a bank or otherwise invested would be lost. The only reason for mentioning this kind of hoarding in connection with our discussion of miserliness is to show that the effect of holding out large sums of money from the usual channels of trade always has a very bad effect on business in general, and, therefore, on the economic lives of people in general.

The miser usually becomes a borrower because it is more satisfactory to borrow from his neighbor than it is to buy for himself. He will resort to any means to avoid the necessity of parting with his money. He never contributes much to the growth of business because he never buys anything he can do without. If many people were misers, there would be few jobs for those who depend upon work and wages for a living.

The Miser and the Spendthrift. — It is difficult to say which is a greater detriment to society, the miser or the spendthrift. There are reasons to believe that from the standpoint of immediate results, the miser is the greater evil of the two. A spendthrift at least keeps his money in motion because he buys the things he needs and much more than he needs. Someone has to make the things he buys. Someone has to sell these things to him. Thus he contributes even more than his share to the profit of manufacturers, farmers, and merchants. He indirectly and directly creates wages for wage earners. The only trouble with the spendthrift is that in the course of a short time he is likely to use up his means. He may not be able to purchase the things he actually needs. Then he becomes dependent upon others. Thereafter he is a detriment to society, but unlike the miser he may have been a temporary benefit. It is best to avoid being either a miser or a spendthrift. It is best to be a thrifty person, one who handles his money in the best way from the standpoint of the community in which he lives. In spending too freely, as in miserliness, there is only waste; there is no real and permanent thrift.

Extravagance. — One may be extravagant without being a spendthrift. The spendthrift spends every cent he has and usually without much care as to what he gets in return for his money. He spends on impulse, wants everything he sees, buys everything he wants, has no plan in accordance with which he buys, and does not provide for the things he actually *needs* today or even the things he will *want* tomorrow. He rarely gets his money's worth. He throws away

the surplus things his spendthrift habits have brought him. He usually is not the kind who gives his surplus to others. Thus he is doubly wasteful.

An extravagant person, however, may not actually be a spendthrift. He may be **very** careful in his buying. He may get his money's worth for every dollar spent. On the other hand, he may buy more expensive things than he can afford to have. He may purchase things too expensive for one with his income, although they may be very desirable and proper for one with a larger income. Frequently the extravagant person is a person of excellent judgment as to the value of things he buys, but often he is a person who has no judgment at all as to whether or not he can afford to have them.

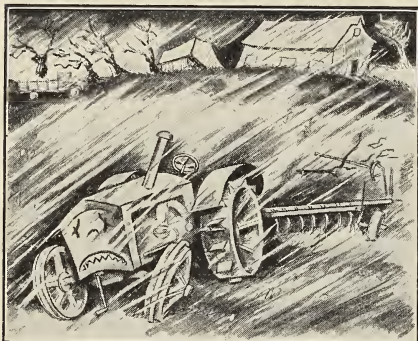
The extravagant person has not learned to distinguish between need and want. He has not even learned to discriminate between things he has a right to have because he can afford them and things he cannot afford and therefore has no right to have. It may be said, of course, that one has a right to have that which one can pay for. This is not necessarily so. The man who has a thousand dollars and the home in which he lives, but who is out of employment and not likely to earn more money for some time to come, cannot afford to have a new thousand-dollar automobile. On the other hand, he can pay for one because he has the money.

Thrifty living is opposed to extravagance. Extravagance leads to waste. Waste leads to want. Want leads to unhappiness. All of these things lead to economic insecurity. There is no permanent satisfaction in being either a miser, a spendthrift, or an extravagant person. Many satisfactions will come from the practice of thrift.

False Thrift. — It is always false thrift to use the things we have beyond the point where they are really useful and suitable for our purposes. It is false thrift to put away the things which we have ceased to use merely because we dislike to throw them away. True thrift will require that we give them to someone else who can use them, or that we sell them or in some other way dispose of them in such a way as to insure their further usefulness. Shabby clothes should not be worn by those who can afford new ones. Shabby clothes are useful when placed in the hands of those who need them and cannot afford better ones. Things put away soon deteriorate beyond the possibility of use. You have all heard of rummage sales in which useful things are taken from attics or other storage places and sold for small amounts to those who can use them. These same things could have been given away, or otherwise disposed of, at the time they were placed in the attic. At that time they would have been much more useful. Clothing might still have been in style. Garments might still be unfaded. Varnish on old pieces of furniture might still have been unmarred.

In short, most things that are worth even a small purchase price at a rummage sale would have been worth more had they been disposed of at the moment when they ceased to be useful to their owner. A truly thrifty person will dislike to see anything which is useful placed where it cannot be used by anyone.

Carelessness. — One of the greatest enemies of thrift is carelessness. People who profess to be really thrifty often are thoughtlessly wasteful because of carelessness. Things they own are used in such a way as to insure their early destruction;



What does this picture suggest? How does such waste affect you who live in the city? Is this farmer likely to make money, or even a good living, on his farm? Why?

or, if not their actual destruction, at least their early deterioration. Young people who are careless in the use of their schoolbooks are not practicing thrift. The farmer who does not take care of his expensive, and even less expensive, tools is not practicing thrift. The person who handles breakable things carelessly is sure to cause himself loss through breakage. The child who is permitted to leave his toys out in the yard when he has finished with them is being permitted to form a habit that is bound to interfere with his becoming a thrifty person.

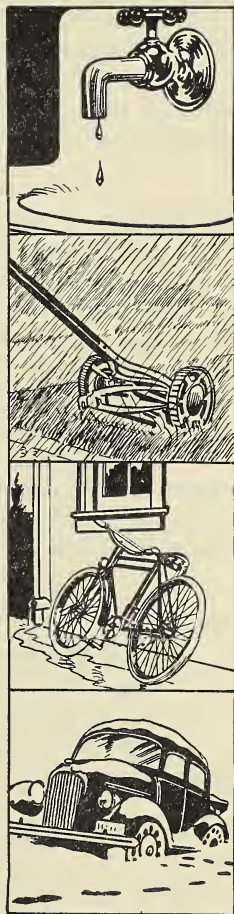
A great many so-called accidents which result in the destruction of property really are acts of carelessness. The careless driver who wrecks an automobile is a thriftless person. The housewife who is careless in the preparation of a meal and thus wastes a great deal of food is a thriftless person. A mechanic who is careless in the use of materials or tools is thriftless. No one really can be called thrifty who does not take reasonably good care of things he owns. If you will inspect the furniture in your home, you will find that almost any piece which has been in use a considerable length of time has nicks, scratches, and spots on it. Almost every one of these is the result of someone's carelessness. In due time these blemishes will be repaired. Money will have to be spent for this work. Such expenditure would have been unnecessary had those who used these articles of furniture been careful. In moving a chair, it is easy to knock off a bit of the finish. Of course one little spot does not amount to much, but a great many spots will make it necessary to refinish the chair.

So it is with nearly all the economic affairs of life. A little carelessness is not a deplorable thing, but habitual carelessness is productive of great loss and is an enemy of thrift. It is in little economic affairs that our habits are estab-

lished. Therefore, we should be even more careful about small things than we are about larger things. Larger economic affairs will take care of themselves if we form the habit of true thrift through the careful handling of smaller economic matters. We should be thoughtful and careful in every economic transaction in which we have a part. When we buy anything, we should be sure that it is something that we can afford. We should be sure that we are not paying more for it than it is worth. We should be sure that it is the quality which we understand it to be. Having purchased and obtained the thing, we should use it carefully and thus prolong its usefulness in the interest of economic living.

Waste. — Much has been said about waste in the preceding paragraphs. All enemies of thrift are causes of waste. It seems to be a sound theory that no one has the right to waste anything. The richest man in the world has no more right to waste things he owns than has the poorest man; but waste may not be so serious in the case of the wealthy man as it is in the case of the poor man. It should not be understood from this that one who has plenty of money and other property must use his things as long as people of less means; or that he must *wear out* the things he has. It simply means that he should not cast them aside or destroy them when he is through with them. He should pass them on for others to use.

There is waste in purchasing more things of a given kind than can be used or are needed. It is waste for an individual to purchase more radios than he can listen to or than he has room for in his home or elsewhere. It is waste to purchase more food than is actually needed for the individual and family comfort and satisfaction. Many people buy more food than they possibly can use, and allow it to spoil. They serve more articles of food at a single meal than can be eaten, and thus they cause waste. It is only by careful planning of all economic affairs that waste can be avoided; and thrift, in the real sense of the word, cannot be achieved by wasteful people. "Waste not, want not" is a motto well worth remembering.



Carelessness shown by these pictures causes much waste. In each case what should the owner do? Can you tell anything about the owner's character in each case? Does a bicycle wear out faster through neglect and carelessness than it does through ordinary use?

Miserliness**136**

1. Explain what you understand by the meaning of the term *miserliness*.
2. List as many of the bad results of miserliness as you can, including results to the individual himself as well as to others.
3. How does miserliness compare with free spending as an enemy of thrift? Which is the worse enemy of society, the spendthrift or the miser, if there is any difference in degree?

Extravagance**137**

1. Are all spendthrifts extravagant?
2. Are all extravagant people spendthrifts?
3. What is the distinction between the terms *need* and *want*?
4. May an extravagant person be one of excellent judgment as to the value of the things he buys? Explain.
5. What does the extravagant person fail to do when he makes a purchase?
6. Compare the extravagant person, the spendthrift, and the miser.
7. List three instances of miserliness which have come under your personal observation, if you can.
8. List three instances of extravagance which have come under your observation or which you have practiced in your buying.

Carelessness**138**

1. Is a thrifty person likely to be careless?
2. What kinds of carelessness affect one's economic living most?
3. Does occasional carelessness greatly upset one's economic living plans?
4. What is the greatest danger of being careless, even occasionally, about financial and other economic matters?

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Words for your vocabulary. Put them into sentences.

- | | | |
|------------------|---------------|-----------------|
| 1. accidents | 6. garments | 10. miser |
| 2. breakage | 7. hoard | 11. miserliness |
| 3. deteriorates | 8. identifies | 12. selfishness |
| 4. deterioration | 9. insecurity | 13. undermines |
| 5. discriminate | | |

140

1. Mr. Miser hoards his money. For the past year he has kept \$4,800 secreted about his house in addition to what he has needed for his daily expenses. He has just discovered that one roll of bills amounting to \$240 has been destroyed by mice; that another roll consisting of five bills — a \$50, two \$20's, a \$5 and a \$1 — has been destroyed by water from a leaky roof.

- (a) Had his money been in a savings bank, how much would it have earned for him at 4%?
- (b) What per cent of his savings did the mice destroy for him?
- (c) What per cent of his savings did he lose because of a leaky roof?
- (d) How much money has he today?
- (e) Had he kept his money in a bank at no interest, how much would he have today?
- (f) How much more would he have today if he had used a savings bank?
- (g) What per cent more?

2. Albert and Walter each received \$200 as their share of the profit of an enterprise.

Albert immediately buys:

2 pairs of shoes at	\$ 6.00
5 silk shirts at	4.00
1 hat at	3.00
Flowers	2.00
Candy	2.50
Games	5.00
Underwear	18.00
Theater tickets	3.00
Presents for friends	20.00
A ring	80.00

and lost \$3.00 through a hole in his pocket.

Walter immediately buys and pays for:

Room rent, 1 month in advance . .	\$24.00
A debt	10.00
Underwear	5.00
4 shirts	3.00
Flowers and candy for a friend . .	8.00

and puts the balance of the \$200 in a savings bank at 4%.

- (a) What per cent of Albert's money is gone?
- (b) What per cent of Walter's money is gone?
- (c) What per cent has Albert left?

- (d) What per cent has Walter left?
- (e) Which is a spendthrift?
- (f) Which is extravagant?
- (g) Which items in the list of the extravagant one may be regarded as extravagant?
- (h) Is either a miser?
- (i) Is either thrifty?
- (j) Is there any item in the thrifty one's list which is not a thrifty item? If so, which? Why?
- (k) What items in Albert's list may not be extravagant?
- (l) What per cent of his money did Albert lose through carelessness?
- (m) What per cent did Albert spend extravagantly?
- (n) What have *need* and *want* to do with these lists?
- (o) Assuming that these boys earn enough to live on during the next six months, but not enough to save any more, and that Albert keeps his money in a bureau drawer while Walter keeps his in the bank, what will each have at the end of this time if nothing happens to the savings of either?
- (p) Why the *if* above? What is likely to happen?

UNIT 21

MORE ENEMIES OF THRIFT



JOHN GOES TO MOVIES
ONCE A WEEK

JIM GOES TO MOVIES
FOUR TIMES A WEEK

JOHN HAS SAVED MONEY
TO GO TO CAMP

JIM WISHES
HE HAD SAVED

What is the lesson taught in these pictures? Is it always true that John is happier than James? Is the fact that John is forming a good habit (saving for something worth while) more important than the fact that he goes to camp and has a good time?

Ignorance of Values.— Few things are more opposed to thrift than ignorance of the value of things we buy. It should be pointed out that there are two kinds of value, present and future. In the purchase of economic goods and services, it is necessary to determine the value of the things we buy in terms of their present usefulness and also in relation to the value of other things we shall need in the future. The person who today buys something which is moderately useful to him and thus deprives himself of much more useful things in the near or remote future, is not using his resources thriftily. It is very easy to recognize an immediate need for something, but it is not so easy to recognize that something else may be far more useful in the future. People who do not save for the future usually are those who do not appreciate the value of future goods in their economic lives. They are concerned only with the value of things now. Such people are likely to come to want when their means of earning has become greatly reduced.

Learn Early to Consider Future Values.— Boys and girls should learn early not to permit themselves to overlook future needs when considering present ones. If possible, everyone should so meet his present needs as to leave something for the needs that are sure to come at a later day. In many places in our

discussion of thrift, we have referred to economic security. Economic security for the present, of course, is an important thing. People must have food, clothing, shelter, and the other necessities of life here and now. But on the other hand, these things will be quite as important to them in the future as they are at present. Both the present and the future, and not the present only, must be considered.

How Much Are Things Worth? — There is another sense in which ignorance leads to waste and uneconomic living. Suppose a person needs and has means to purchase a certain thing but does not know how much it actually is worth. Frequently such a person will want a thing so much as to pay almost any price for it, without realizing that in paying an exorbitant price for it he is committing economic waste. Elsewhere in this course we have discussed value in relation to price. Just now it is enough to say that the relationship between these two terms is not always close. In other words, things frequently are priced far above their actual value. People should learn early to shop around in an attempt to find out just what is the right price to pay for things they desire, when these things can be purchased at a number of different places.

The same thing is true in the purchase of service. If a person has something to send to a distant place, he should find out exactly what it will cost to send it by mail, by express, by freight, and by any other means at his disposal, before deciding just how it shall be sent. It may take much time to find out what these various means of transportation will cost. The time thus consumed may be more valuable than the saving finally made on the individual transaction which is the cause of the investigation. However, it should be remembered that once a person has learned the relative cost and value of different services, it will be possible for him to choose wisely in later transactions without spending much time investigating the matter of their relative costs. The same thing is true with respect to the purchase of goods. The person who devotes a little time to the study of the question of values and prices in connection with a type of transaction which is likely to recur from time to time, is quite likely to acquire ability to discriminate and get the best value for his money without spending much time on each transaction as it occurs.

Real Value of Things. — The important thing here is to emphasize the fact that early in life people should come to an understanding of the fact that every thing and every service has real value, that this value should be known in connection with each transaction before it is complete, that to ignore the element of value is to commit waste, and that to commit waste is contrary to thrifty living. The determination of real value as distinguished from mere asking price is one of the most important elements of real economic living.



What is wrong here? What habit is being formed? Is it good or bad? Why? Are such boys and girls likely to have the time they want for play?

Dawdling. — Dawdling is a term of uncertain origin. It means, however, taking more time than necessary to do the thing we have to do. It means waste of time. It is one of the enemies of thrift, especially as to the use of time. A person who wastes only one minute in each twenty-four hours certainly is not considered a dawdler. Nevertheless, this would represent a loss of six hours each year. It is not likely that very many people waste as little as a minute each twenty-four hours. Most people are much more thriftless in the use of time.

Many hours, even days and weeks, actually may be wasted in a relatively short period of time through the practice of dawdling. Young people should learn early that there is not an unlimited amount of time for anything. This commodity, like every other, is limited. If we have an errand to do, there is a certain amount of time for it. If we have a game to play, there is a certain amount of time for it. If we have almost any job to complete, there usually is a certain amount of time for it. If we take too much time for our work, we shall have little time for play. If we take too much time for our play, we shall have too little time for work. If we take too much time for our work and play, we shall have too little time for rest. It is only when we properly apportion our time among the things we have to do that we are thrifty in its use.

It has been said that too much time put on any activity is wasteful. This can be illustrated by reference to schoolwork. If by proper concentration and the absence of dawdling a school lesson can be completed in one hour, it is wasteful of time to spend two hours on that lesson. While an extra hour is being used for such a lesson, because of dawdling or other wasteful practice, some other desirable activity, be it work or play, is neglected. All people, young and

old, leave undone every day things they would like to do because they do not have time for them. By carefully planning the use of time much more can be accomplished than is generally done.

"Killing Time." — One of the worst habits that can be formed is that of "killing time," as some people call it. Play, recreation, reading, and other similar things should not be engaged in for the purpose of killing time. There is always some useful thing to do. Rarely is one without opportunity for the thrifty use of time at one's disposal. We should learn early in our economic living to conserve all of the time given us for the useful things we have to do. By this it is not meant that we should conserve our time for work alone. We should have play and other forms of recreation. We must have rest. We must have time for self-improvement. We must have time to devote to the interests of others with whom we are concerned and who are dependent upon us. There are scores of things other than what we call work that have a claim upon some of the twenty-four hours of each day for which we are accountable.

Plan to Be Thrifty. — Probably the first important thing that any boy or girl should do in connection with thrift is to form a plan for the use of time so as not to waste any of it. It is not necessary that all people shall have the same plan for the use of time. Some boys and girls, for example, may do their more difficult tasks first and thus get satisfaction in knowing that only the easier duties are left to be completed. Others may find it better to finish their lighter tasks quickly and then devote the remainder of the time at their disposal to duties that present more difficulty. Find out which of these plans is better suited to your needs. Adopt it and then stick to it.

Plan to attack every job which you have to do without delay. Try to complete the job without dawdling. Thinking about a job, rather than doing it, has left many tasks unfinished and has placed the procrastinator in a very discouraged state of mind. Start each task with all the energy you can command, and the way to its accomplishment will be relatively easy. In the face of discouragement as well as of success, we can grow only when we continue working toward the end we have in view.

Decide How to Use Your Time. — Later we shall discuss the necessity for budgeting time; that is, for deciding exactly how much time to give to each task to be performed during a given day, or week, or longer period of time. But even before we discuss budgeting, it should be possible for you to consider carefully just how you are managing your time at present. This will lay the foundation for a better use of the time you have when you decide how it shall be apportioned to the different tasks assigned to you, as well as to those which you choose yourselves. Without a somewhat definite and carefully made plan

which is conscientiously followed from day to day, it is inevitable that you will waste much time. Fewer things will be learned than should be learned. Fewer things will be done than should be done. Fewer pleasures will be had than should be had. Less recreation will be possible than is desirable. In short, you will be living thriftless lives from the standpoint of the use of time.

In planning for the thrifty use of time, you will be laying the foundation for the development of a plan for the thrifty use of money. It has been pointed out that thrift of money means getting your money's worth at all times. To do this you must adopt a plan for spending money which will insure this result. There is great danger in the absence of a definite plan. Money is spent on impulse. Anything that happens to appeal to the buyer at the moment is purchased without regard for future needs or for other things needed at present but which at the moment may not come to his attention.

Suggestions. — In the development of a plan for the spending of money, the following suggestions are given for your consideration :

1. Make sure that what you are thinking of buying is the thing you most need. This does not mean that you must confine your purchases to bare necessities. At times luxury purchases may be most useful and proper. Often gifts purchased for others are most desirable and should be decided upon in preference to something that satisfies a selfish need. The main point is to distinguish between things purchased to meet real needs and things purchased as luxuries. Maintain a balance between these two things if luxuries are purchased at all. Do not let your plan include the purchase of more luxuries than you can really afford.

2. Make sure that present purchases do not prevent later purchases of things that will give greater satisfaction. Money spent now can never be spent again. Money saved now will grow and make possible later purchases of more valuable things in many cases. The boy who spends his only fifty cents now on some trifle and thus deprives himself of the money he will need later for an important ball game, or some other recreation, or the repair of his skates, or a subscription to his school paper, is cheating himself and not getting his money's worth. So also with any boy or girl who does not learn to save for the more distant future. A writer once said, "If youth but knew what age would crave, many a penny youth would save." This is always true. Do not become stingy, but on the other hand, do not spend all you have as soon as you get it.

3. Make sure that you get the kind and quality best suited to your needs. This does not always mean the most expensive kind or the highest quality. It does mean that you should not choose an unsuitable article just because someone else has purchased one. Be discriminating. Keep within your means.

4. Make sure that you pay no more than the thing is worth. See to it that price and quality agree. When you cannot judge accurately the value of a thing about to be bought, buy it from someone whose word in reference to its quality and price can be relied upon.

Enemies of thrift

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1. In what way is ignorance of values likely to be an enemy of thrift?
2. What has time (present and future) to do with the value of things we buy?
3. Which is easier to recognize, an immediate need or a future need?
4. What would you say about this statement: "I do not dare to buy the things I need today, because I may have greater need in the future"?
5. When is one willing to pay more than a thing is worth?
6. How does one go about learning the value of things?

Should I buy?

142

List the things you think should be taken into consideration in determining whether or not you should buy a given thing at this time. Suppose, for example, an agent has come to your door and is urging you to buy an article of clothing. Include in your list all of the things which you can recall as being important in determining whether or not you should buy the thing offered at this time.

The dawdler

143

A dawdler never is thrifty. What does this statement mean? Can you discriminate between the painstaking person and the dawdler? How do you distinguish between these two kinds of people? Are there times when an individual may dawdle over a task or take more time than he requires for it? What danger is involved in this practice? What evil from the economic standpoint of economic living?

"Killing time"

Explain what is meant by "killing time." Is this good practice? What has it to do with economic living? How is it likely to affect the time for useful things from day to day? What kind of people find it necessary to "kill time"? Is resting "killing time"? Is playing "killing time"? Is listening to the radio "killing time"? Consider these questions carefully and do not be satisfied with a simple affirmative or negative answer to any one of them. Try to explain your answers in such a way as to make clear what you mean.

144

The following words will be useful to you, and you should learn how to use them. Show that you do by using them in sentences.

- | | | |
|---------------------------|-------------------------|---------------------------|
| 1. <i>accomplishment</i> | 6. <i>exorbitant</i> | 10. <i>planning</i> |
| 2. <i>accountable</i> | 7. <i>ignorance</i> | 11. <i>procrastinator</i> |
| 3. <i>conscientiously</i> | 8. <i>investigation</i> | 12. <i>quality</i> |
| 4. <i>dawdle</i> | 9. <i>necessity</i> | 13. <i>trifle</i> |
| 5. <i>disposal</i> | | |

145

1. A writer who had made a study of the business situation near the end of the depression which started in 1929 wrote that prices would be much higher after the depression.

James Morris read his statement and said: "In about a year I shall need a new car. I will buy one now and save money."

Charles Swan at the same time says: "My car is running well. I'll not buy a car until I need one."

Is one right and the other wrong? May both be right? Give reasons for your answers.

2. You spend two hours on a lesson that should be mastered in $1\frac{1}{2}$ hours.

(a) How much time have you wasted? What per cent of the time spent on this lesson?

(b) At the same rate of waste, how much time would you waste on three other lessons if you devoted forty-five minutes to the first, one hour and fifteen minutes to the second, and one hour and forty-five minutes to the third?

(c) In the time wasted, might it have been possible to carry an extra subject?

(d) If you carry an extra subject each year for the first three years, how many of sixteen required subjects will be left?

3. By "killing time" one may kill the will to work. What does this mean? Is it important?

4. Suppose that the time allotted to each of your subjects is fifty minutes. Four minutes of this time are intended for passing of classes; the remainder for study and instruction.

(a) If five minutes are consumed in getting settled down to work, how many minutes are left?

- (b) What proportion of intended instruction is wasted?
- (c) How much time is wasted in this way by one pupil taking four subjects during the year of thirty-six weeks? By a class of thirty pupils? By a school of 1,000 pupils?
- (d) If, through eagerness to leave, another $2\frac{1}{2}$ minutes are wasted at the end of the period, what would be your answers to the questions in (c) above? Use the shortest method of computation.

5. Two watches are advertised for sale. One, a well-known make, is listed at \$20. This watch has a twenty-year guarantee. The second is listed at \$12. It has a ten-year guarantee.

- (a) How much more does the expensive watch cost to buy?
- (b) How often does one buy a watch?
- (c) What per cent more is paid for the more expensive watch?
- (d) Would you consider it better economics to buy the more expensive watch? Why?

6. A young woman has three intimate friends. All have about the same amount to spend for clothes. Eleanor is clearly outstanding in her ability to buy. She *shops*. Dorothy and Ruth go to any reputable shop and buy. All three went shopping for dresses. Eleanor bought one for \$12; Ruth spent \$16; Dorothy, \$20.

- (a) How much did all three spend?
- (b) What per cent of the total did Eleanor spend? Ruth? Dorothy?
- (c) Without questioning the value of their respective purchases, would you suggest that Ruth and Dorothy *shop* for their clothes? Why?
- (d) If you do not know values, is it best to rely upon the reputation of a store?

7. Frank plays football on his high-school team. Each day he goes to practice from 3 P.M. to 5 P.M. During the football season his work in school suffers. Frank wants to go to college. Perplexed, he seeks advice.

- (a) If practice is held each day, five days a week, how many hours each week does he practice football?
- (b) Frank is very tired when he arrives at home. He rests until supper-time. After supper he does his homework until he falls asleep. Assuming that the hour of rest before supper and an hour lost from his studies after supper can be charged to football, how much of his time does he really spend on football?
- (c) Frank asks your advice. He likes football; he wants to go to college; he would like to play football while in college. What do you think about this situation?

UNIT 22

THRIFTY HABITS NECESSARY



May these be very thrifty boys and girls? Explain. What might happen to our economic living plans if we gave up all play?

Importance of Habit in Thrifty Living. — It is not enough that you understand the need for thrift, and the bad results of miserliness and extravagance. You may *know* these things and still not be thrifty. It is of the utmost importance that the *habit of thrift* be established. There is no way to be thrifty at all times except through this valuable habit. If you have to stop and think about whether or not a thing you are doing, or the way you are doing it, is a thrifty use of your time, you are not likely to be regularly thrifty in this particular. If you have to stop and think each time you make a purchase whether or not it is in accordance with the rules of thrift, you are not likely to be thrifty in the use of money. It is only when, without any special thought about the matter, you naturally do the thrifty thing, whether it be in the use of money or of time, that you are really thrifty and safe from the evils of extravagance, waste, and carelessness. From force of habit you should decide quickly in almost any common daily situation just what is required by sound principles of thrift. There is no way to be safeguarded against the evil of waste except by habits of thrift formed early in life.

Forming the Habit of Thrifty Living. — The best way to form any good habit is by persistent, thoughtful, daily practice. Begin to practice thrift now.

Use your time thriftily. Make each minute count in work, or play, or rest, or useful service to others. Improve all opportunities for service to yourself and others. Do not dawdle. Soon you will become habitually, and thus safely, thrifty in the use of time. This habit of thought and action will take care of most situations as they arise and prevent you from being wasteful. When this habit is firmly established, the cornerstone of a solid foundation for a really successful economic career has been laid.

Try to reach a point where without any special effort you get your money's worth as far as it is possible to do so. Begin by asking yourself such questions as these whenever you are spending money: Do I need this thing? Is it really worth to me what is being asked for it? Should I shop around somewhat before making my purchase? Should I take more time to decide whether or not I need this thing now, and whether or not I can afford it? Have I considered all the uses which I could make of the money I am now about to spend?

It seems like a rather troublesome task to ask and answer all these questions. However, the point you should remember is that at the outset you will have to force yourself to ask such questions, and to answer them honestly. It will not be easy to do this. You will forget sometimes. At other times your emotions will force you to give answers which may not be entirely true. Your desire for certain things will be so great that you may not use good judgment in their purchase. But if you do persist in asking such questions as these and answering them as best you can, the time is sure to come when almost automatically you will reach a correct decision regarding the purchase of things without asking and answering questions at all. You will have formed the habit of deciding as to the wisdom of a purchase almost without delay and without effort. You will have established the habit of thrift in the purchase of things. You will have insured yourself against many bad transactions and many losses and disappointments. You will have become a thrifty person. Your economic life will be what it should be. Your economic security will be most nearly assured by this habit of thrift.

Practice Necessary to Form Habits. — It cannot be emphasized too much that the only way to form this habit is by practice. You cannot become thrifty merely by wishing that you were. You cannot form a habit merely by desiring it. Habit formation usually involves the elimination of bad habits and the formation of good ones. You should practice, practice, practice. Always be on your guard against doing things which will be contrary to the principle of thrift. There is no substitute for practice in habit formation. The more intensively and persistently you practice, the sooner will this habit be formed. The earlier you begin, the easier will it be to form this habit, and the greater will be the

length of time for the enjoyment of the benefits of it. This is the time to begin. Try out the plan suggested the next time you have an occasion to buy something or to use time for any purpose.

Work Is the Basis of Thrift. — Before leaving this topic, it should be emphasized that there can be no economical use of money until money is obtained. People get money in several ways. Some inherit it. A smaller number have it given to them. Neither of these ways is likely to be conducive to thrift. Money that comes too easily is likely to go easily also. Those who get money easily rarely appreciate its value. Those who have not made some sacrifice in obtaining money they have to spend are likely to spend more freely and with less attention to the principles of thrift.

Fortunately most people have to work for their money. Such people are most likely to appreciate its value and to treat it with respect. Hence it may be said that work is the true basis of thrift of money and that it is one of life's greatest blessings. Idleness is the opposite of work. However, there are times when it is best to be idle. There must be rest as well as work if good work is to be done and health is to be protected. Unnecessary idleness, however, often leads to crime, which is society's greatest enemy. As has been shown, money is just the medium through which things needed are obtained and the measure by which the worth of things is estimated.

By work is not meant merely the kind that is done for wages. A young person who is given an allowance is earning it if he is doing his schoolwork to the best of his ability. Such a pupil should be just as thrifty in the use of money so earned as he should be with money earned as wages in out-of-school hours. Perhaps work can be defined as any activity other than recreation for which directly or indirectly one receives compensation in the form of money or goods. Work should not be drudgery, nor is it desirable that it shall occupy all of our time. It is just the economic means by which needed money is secured for life's necessities and luxuries, and also the medium through which the services of others can be



Which of these boys surely are working for wages? Which may be helping mother? Which are earning money? Are they all making a start in thrifty living?

How in each case?

obtained. It is doubtful if there is likely to be any real thrift in the absence of work. Thus work can be said to be the basis of a thrifty economic life. Boys and girls ought to try to find the kind of work, when the proper time comes, which will interest them and enable them to render their greatest service to others. More will be said on this subject later in connection with the discussion of vocational guidance and the planning of a vocational career.

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What about this?

Discuss this statement: "Now that I know the meaning of the words 'thrift,' 'miserliness,' and 'extravagance,' I am going to live a thrifty life. Of course no one who understands the economic results of miserliness and extravagance will be either miserly or extravagant."

In your discussion of this statement indicate the things which are necessary to thrifty living in addition to mere knowledge of the disadvantages of living any other way.

Mention the steps which should be taken by one who desires to form the habit of thrifty living.

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Is work necessary to thrift?

Write a short essay in which you will indicate the relationship between work and thrifty living. Work is not the only means by which people acquire the money they need and have to spend. Is it any more likely that a person who earns his money will spend it carefully? Do not forget that work frequently is done without being compensated for directly in the form of money. Does such work have anything to do with economic living?

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Here are a few words for your vocabulary. Use them in sentences.

- | | | |
|---------------------|----------------------|------------------------|
| 1. <i>basis</i> | 6. <i>enjoyment</i> | 11. <i>principle</i> |
| 2. <i>career</i> | 7. <i>guidance</i> | 12. <i>regularly</i> |
| 3. <i>conducive</i> | 8. <i>habitually</i> | 13. <i>troublesome</i> |
| 4. <i>decision</i> | 9. <i>intensive</i> | 14. <i>vocational</i> |
| 5. <i>emotions</i> | 10. <i>persist</i> | |

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1. When work is scarce, many people are unemployed. At such times the government spends money on public works — bridges, roads, canals, public buildings, water systems, parks, etc. This gives work to many people.

(a) If 1,300,000 men are thus put to work at an average wage of \$65 a month, how much will be spent for their wages in a year?

(b) Who benefits from this work? How?

(c) Where does the money come from to pay for this work?

2. Suppose that John Roberts inherits \$6,500 from a relative.

(a) Is this likely to increase his thrift? Why?

(b) How long would it take him to earn that much at \$150 a month? At \$2.50 a day?

(c) Suppose he gives up his position and does nothing while the money lasts. Is he likely to spend more freely or less freely during his period of idleness? Why?

(d) How long will he be idle if his usual monthly expenditures are \$112.50 and he increases them by 25%?

(e) Will he be likely to have any trouble getting a new economic plan of living set up when his inherited money is gone?

3. Suppose that a large number of young men accept work in government camps, doing government work for a year or two during a depression. Their compensation is \$30 a month plus maintenance, but they must send \$25 of their money to their parents. With no other jobs to be had, parents who are in need, and government work to be done, this seems like a good arrangement. But we may wonder how it affects these young men in the matter of economic living.

(a) How much will each young man earn in a year?

(b) How much will be sent home?

(c) How much will the young man spend?

(d) What type of experience in economic living will he fail to get?

(e) Generally speaking, is it better that young people shall have money to spend for the things they need — food, clothing, shelter, recreation, giving, etc. — or that they shall have these things provided for them?

4. Mr. Corbett brings discouraging news home to his wife. Because of poor business his employer has reduced his salary from \$1,800 to \$1,500 a year. Mrs. Corbett is not so easily discouraged. She is a resourceful woman, and in her usual manner she faces the situation intelligently.

(a) What per cent of his salary was cut?

- (b) The Corbetts' budget was as follows: Living expenses, 50%; recreation and advancement, 20%; saving, 13%; charity, 10%; and miscellaneous, 7%. How much of the \$1,800 did the Corbetts have to spend for each of the items of their budget?
- (c) Mrs. Corbett cannot reduce her living expenses, which now require what per cent of the new income?
- (d) She reduces recreation and advancement 5%, miscellaneous 2%, and saving 3%. How much can the Corbetts spend for each item now?
- (e) What do you think of the attitude of Mrs. Corbett?
- (f) Has any well-formed habit helped this family? Discuss.

5. A boy decides that to be thrifty is to insure economic security. He resolves to ask himself, "Must I have this thing?" before he decides to buy anything; and "What is the most economical way of getting it?" before he buys.

- (a) His bicycle tire has a puncture. He buys an elastic shooter for \$.20 and fixes the puncture. It would cost \$.25 to have a plug put into the tire. What per cent of the cost of the plug does he save?
- (b) His history notebook cover needs replacing. A new one will cost \$.20. He remembers that in a former drawing class he was taught to make covers. He spends \$.05 for materials and makes a cover for his history notebook. How much does he save? What per cent?
- (c) If the boy continues this practice, is there any danger of his becoming "stingy"? Explain.

6. In a small home there are twenty-four electric-light bulbs in use. If, on the average, eight bulbs are burning needlessly, what per cent of the total light is being wasted? How can such waste be avoided?

UNIT 23

BUDGETING ESSENTIAL TO ECONOMIC LIVING



Which members of a family should be interested in its budget? Why? How can children help spend the family income wisely? How may older sons and daughters make budgeting difficult for father and mother? Whose money is being budgeted?

What Is a Budget? — By *budgeting* is meant definitely deciding in advance just how money earned is to be spent, or just how time is to be used. Someone has said that it is better to “tell your dollars where to go than to ask them where they went.” By budgeting is meant merely planned spending. When one has acquired any amount of money, large or small, and expects a regular income, it is best to make a budget; or, in other words, to determine in advance what proportion of this money will be spent for certain kinds of things and what proportion will be spent for other things. It is also important to determine in advance just how time will be spent each day — how much will be spent in work, how much in play, and how much in other ways. This is what we mean by saying that money and time should be budgeted. Budgeting is one of the most helpful practices in economic living. It will go far toward establishing the habit of thrift.

Why a Budget? — It will be remembered that in a previous lesson we learned that planning the expenditure of one's income is necessary to thrift and economic

living. By planning the use of money, we are deciding in advance just what we shall do with our money. Now as we have just learned, this planning in advance really is budgeting. Very few people can trust themselves to spend their money wisely from day to day. Most of us need to look ahead and to determine as far as possible what our needs are going to be over a period of time, usually a month, and then decide which of these needs are to be met and how much they will cost. A record of our decision with regard to these matters usually is made in the form of a budget.

The reasons for budgeting in the case of an individual are the same in the case of a family or in the case of a school organization. All individuals and groups of individuals having money to spend should plan for its spending in such a way as to make it produce the best results. There is no better way for the accomplishment of this desirable end than to work out a budget plan for spending.

The Budgetary Period. — The time for which a budget is made depends upon the circumstances of each case. An individual usually budgets his money for the period for which he is paid his salary or wages. One who receives a weekly salary should budget one's expenditures on a weekly basis. Another person receiving his pay monthly should adopt the month as the period for which he establishes his budget. Business concerns whose profits are figured quarterly may budget their funds on a quarterly basis. That is, they determine at the beginning of each three months what they will spend during that period of time. Many business concerns develop their budget on the basis of a whole year. A family, like the individual, should budget its funds according to the period for which the head of the family receives his regular income.

How a Budget Is Made. — Ordinarily in making a budget one should be guided by one's own experiences; but in making a *first* budget it will be necessary to use the experience of others who have made budgets, because it will not be possible for the new budget maker to find out just what he has been spending for the things he wishes to include in his budget. Then, too, he may not have lived economically and, therefore, even if he can recall what he has spent for different things, it is not certain that he has been spending the right proportion of his income for these things. If the budget maker has been economical and thrifty in the spending of his money in the past, his own experience may be a satisfactory basis on which to develop his budget. If he has been careless in the spending of his money, it is far better to take the recommendation of someone who has made a study of budgeting as a basis for the first budget. Even a person who has been somewhat thrifty may have spent and saved the right amounts but may not have spent the proper proportions on each item of his expenses. It will be desirable to compare his expense items and savings with

those which have been decided upon by experts as proper for a person with his income and living conditions.

For many years students of budget problems have been experimenting with budget making in an attempt to determine what items of expenditure are necessary for individuals and also for families. They also have tried to determine what proportion of income of different amounts should be spent for each item included in a list of necessities; that is, things which almost every individual or family should have. As a result of these careful studies, checked by the actual experience of individuals and families, important budget items and proportions of incomes to be spent on each have been determined fairly accurately.

In preparing a budget it is not necessary to account for every cent and every minute of time. There always should be a small margin of free time and money for things that cannot be thought of in advance. However, as far as it is practicable, one should attempt to determine the important things on which money and time will be spent and the amount of each which will be needed for these things.

If a budget is to be a personal one, of course the individual decides how he wants to use his money and time. If it is a family budget, members of the family should consider their needs and the amount they have to spend and then make their budget accordingly. If it is a business budget, the managers of the business should judge their needs and make a budget that will take care of them.

A Simple Budget. — A simple illustration of a budget would be as follows: John has an income of ten dollars a month. A part of this he receives in the form of an allowance; the remainder he earns in the time he can spare from his studies. He has been in the habit of using it all during the month and, in fact, of running out of cash before the month is ended. He wishes to try the budget plan in an effort to make his money last throughout the month and perhaps to enable him to save a small amount for future use. He makes a list of things for which he has spent money during the past month and the amount he has spent for each thing as nearly as he can remember it. He is surprised to find that he has spent so much on what now seem to him to be trifles. He wishes he had not made so many expenditures of this sort but had saved some of his money for the things he now wishes to buy. This nearly always is the way with un-budgeted spending.

John decides that the proper headings under which he should budget his funds are these: (1) Books and school supplies; (2) clothing; (3) recreation; (4) church and gifts; (5) savings.

John's budget, when determined on the basis of his experience during recent months, may look something like this: (1) School supplies, \$2.50; (2) clothing, \$2.50; (3) recreation, \$1.50; (4) church and gifts, \$1.50; (5) saving, \$1; (6) mis-

PERSONAL BUDGET AND CASH RECORD

Date	Explanations	Income	Payments	Books	Clothing	Recreation	Church	Savings	Misc.
	Budget Estimates								
10- Sept. 1	Allowance	10.00							
1	Deposited in savings bank	7.00							
3	Movies		1.00		2.50	1.50	1.50	1.00	1.00
12	Penicils pens ref. book		20			20			
12	Penicils pens ref. book		90	90					
19	Notabooks paper lab supplies		70	70					
15	Maria's birthday		1.00				1.00		
20	Mackin		75		75				
22	Last		25						25
23	Trip to beach bus fare		20			20			
24	Season football ticket		1.00			1.00			
24	Repairs of football		10			10			
25	Received for work in Sept	3.00							
30	Totals	10.00	4.10	1.60	75	1.50	1.00	1.00	25
30	Balance on hand		3.90						
		10.00	10.00						
Oct. 1	Balance on hand	3.90							
1	Deposited in savings bank		2.90					2.90	
1	Allowance	7.00							

cellaneous, \$1. Illustration 13 gives John's cash record and budget items for September. Unexpended balances are shown for several items.

Living by a Budget. — It is possible, especially during the first few months of budgeting, that the amounts needed for the various items will be somewhat inaccurate. It may be necessary to use some of the funds set apart for one activity for some other. For example, it may be found that the entire \$2.50 is not needed for clothing but that some unexpected expense under the heading of "Miscellaneous" makes that item cost a little more than the \$1 set apart for it. In this case it is proper to take from one item and use the amount for another. However, this practice should not be followed regularly. It should be necessary only while a budget is being definitely decided upon in the light of the person's own experience. The one part which should be kept up to at least the amount set apart for it is the item called savings. Unless absolutely necessary, no borrowing should be done from this item for some other item in the list.

It should be clear that to make a budget of this sort possible the individual will find it necessary to keep records of his income and expenditures. More will be said on this subject in a later unit. Just now it is sufficient to know that records must be kept carefully and that on the basis of these records budgets must be made.

Budgets are not always as simple as the one illustrated above. However, a simple one will serve all the purposes of the average young person while his earnings are small and while he is forming the habit of thrift.

Personal Budgets. — Let us now examine more carefully a personal budget for an adult. The items which usually enter into a personal budget for an adult are shown in Illustration 14. Such budgets would be somewhat different in various localities.

BUDGET ITEMS	SALARY \$1,000		SALARY \$2,000		SALARY \$3,000	
	EACH ITEM	% OF SALARY	EACH ITEM	% OF SALARY	EACH ITEM	% OF SALARY
Board and Room	\$500	50%	\$600	30%	\$795	26.5%
Clothing, Laundry, etc.	200	20%	400	20%	495	16.5%
Recreation, Health, etc.	130	13%	300	15%	450	15%
Gifts, etc.	20	2%	80	4%	180	6%
Savings	100	10%	400	20%	600	20%
Miscellaneous	50	5%	220	11%	480	16%
	\$1,000	100%	\$2,000	100%	\$3,000	100%

ILLUSTRATION 14. PERSONAL BUDGET FOR AN ADULT

Note that each item has an amount opposite it to indicate what normally should be spent on it. Also note that the amount set apart for each item varies according to the income to be spent. As the income increases, the amount which can be spent for one item, such as food, clothing, shelter, and so forth, also increases. However, as the income increases, the proportionate amount to be spent for each item need not go on increasing indefinitely. There is a limit to what should be spent for certain things. The per cent set opposite each item indicates the proportionate amount which should be spent for that item. Note that in the case of board and room the amount increases quite rapidly as the income rises, but the per cent decreases. For clothing the per cent decreases less rapidly, since it is understood that those who earn more will be able to spend more on this item. For recreation, advancement, and health, there is an increase, because those who have larger incomes may indulge in more expensive recreation and probably should spend more money for self-improvement and health. Savings, it will be noted, are doubled for those with higher incomes, as more money can be saved, even though some expenses are higher. The item "Miscellaneous" has been increased considerably in the cases of those who receive the highest incomes.

It also will be remembered that this budget is based on the needs of an adult, and that it does not take into consideration the needs of a family. In any family budget, of course, it is necessary to take into consideration the number of people in the family as well as the income.

Family Budget. — Suggested budgets for three families of five persons each with incomes of \$1,296, \$2,004, and \$2,496, respectively, are shown in Illustration 15. Study these budgets carefully and note whether or not the various items are increased or decreased in proportion to any increase of income. Even on the lowest level of income, with such a budget established, it should be easier for a family to use its income wisely. Uneconomic, haphazard spending rapidly consumes even a large income. Carefully planned spending insures that income will be used more wisely and that there will be a surplus to set aside as savings if a reasonably satisfactory income is obtained each month. When an individual must live within a certain amount, he is likely to be more careful in the selection and purchase of clothes, for example. He may go without things he wants or does not really need, rather than exceed his budget. So also with other items in the budget. Soon it will become a habit to buy only what is needed and at prices that are reasonable under the circumstances. With this habit formed, it should be easy to live within a budget. Such budgets would differ somewhat in various localities. It takes courage to live by a budget, but to do so is the only way for most people to live comfortably and provide for the

Budget Items	Income \$1,296	Income \$2,004	Income \$2,496
Food	\$30 00	\$40 00	\$40 00
Clothing	20 00	25 00	30 00
Housing	30 00	45 00	45 00
Fuel and Light	7 00	11 50	12 00
Recreation, Health, and Self-Improvement	10 50	15 00	18 00
Insurance	2 00	10 00	15 00
Savings		8 00	25 00
Gifts, Church, etc.	1 00	2 50	3 00
Miscellaneous	7 50	10 00	20 00
Monthly Totals	\$108 00	\$167 00	\$208 00

ILLUSTRATION 15. BUDGETS FOR FAMILIES OF FIVE PEOPLE

needs of later life. This is the surest road to the thing we have called economic security.

Records Necessary. — Almost no one can trust his memory in using funds according to a budget. Careful records of money received and paid out should be kept. Furthermore, records should be kept in such a way as to indicate at a glance how well within the budget allowance for each item the individual is keeping his expenditures. In other words, records should show the amount budgeted for each item and the amounts spent from time to time for each item. By adding the amounts already spent for any item and subtracting the sum from the amount set apart for that item, it will be seen how much more can be spent on it. This tends to prevent spending more than the budget allows for any of the different items included. A record form for use in keeping a budget cash record is shown in Illustration 13, page 214.

Tell in your own words

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1. What is meant by the term *budget*.
2. Why people should live by a budget.
3. For how long a period of time a budget should be made.
4. How to live by a budget — what to do when the amount for any item is not enough or when unexpected needs arise.
5. Why records of cash received and spent are necessary.

Tell

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1. How to make a budget — how to decide what items to include and how much to set apart for each item.
2. Whether it would be easier to make a budget for the second month than it would for the first one? For the twelfth month than for the second?

List

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1. Items which should be in most personal budgets.
2. Items which should be in most family budgets.

153

Here are some additional words for your vocabulary. Study carefully the ones you do not know. Use them in sentences.

- | | | |
|---------------------|-------------------------|-----------------------|
| 1. <i>attempt</i> | 6. <i>experience</i> | 11. <i>recreation</i> |
| 2. <i>borrowing</i> | 7. <i>experimenting</i> | 12. <i>regular</i> |
| 3. <i>budget</i> | 8. <i>miscellaneous</i> | 13. <i>subtract</i> |
| 4. <i>determine</i> | 9. <i>organization</i> | 14. <i>uneconomic</i> |
| 5. <i>establish</i> | 10. <i>period</i> | 15. <i>wisely</i> |

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1. Make a table like the following, if one is not furnished, and insert the correct amounts where question marks appear. See Illustration 14, page 215, for the annual amounts budgeted for these items in the case of an individual.

MONTHLY ALLOWANCES FOR THESE ITEMS	IF INCOME IS \$1,000		IF INCOME IS \$2,000		IF INCOME IS \$3,000	
Board and Room	?		?		?	
Clothing, etc.	?		?		?	
Recreation, etc.	?		?		?	
Gifts, etc.	?		?		?	
Savings	?		?		?	
Miscellaneous	?		?		?	
Monthly Total	?		?		?	

2. Using the amounts given in Illustration 15, page 217, prepare a table like the one below and indicate the weekly allowance for each item for families with different incomes.

WEEKLY ALLOWANCES FOR THESE ITEMS	IF THE INCOME IS \$1,296		IF THE INCOME IS \$2,004		IF THE INCOME IS \$2,496	
Food	?		?		?	
Clothing	?		?		?	
Housing	?		?		?	
Fuel and Light	?		?		?	
Recreation, etc.	?		?		?	
Insurance	?		?		?	
Savings	?		?		?	
Gifts, Church, etc.	?		?		?	
Miscellaneous	?		?		?	
Weekly Total	?		?		?	

3. What per cent of income is saved according to Illustration 15, page 217, in the case of a family with an income of \$2,004? An income of \$2,496?

4. What per cent of income is spent for insurance by each of the above families?

5. Do you consider \$1,296 a satisfactory income for a family of five? Why?

6. Which items in these budgets probably would cost less in the country than in the city? Why?

7. At the rate of saving shown in the illustration for a family of five with an income of \$2,004, how long would it take to save \$1,000?

8. How long would it take a family of five to save \$1,000 on \$2,496?

9. What per cent more is an income of \$2,496 than an income of \$2,004? How does the per cent of saving from the higher income compare with that of the lower income?

10. If the head of a family of five has his salary raised from \$1,296 to \$2,004, what per cent is his salary increased?

11. From \$2,004 to \$2,496 is a raise of what per cent?

12. As a member of a family, which one of the items included in these family budgets can you control most easily to keep within the amount allowed for it?

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1. The following table indicates approximately the lowest cost of clothing "essential to health and decency"* for children of different ages. Prepare a table like it and insert correct answers where question marks appear.

AGE OF CHILD	ANNUAL COST OF CLOTHING	PER CENT OF AM'T SET ASIDE FOR CLOTHING BY A FAMILY OF 5 WITH INCOME OF \$1,296 A YR. ACCORDING TO ILLUSTRATION 15, PAGE 217
Under 1 Yr.	\$26 35	?
1 to 3 Yrs.	25 15	?
3 to 6 Yrs.	29 83	?
Girl 6 to 10 Yrs.	50 40	?
Girl 10 to 14 Yrs.	64 95	?
Girl 14 to 18 Yrs.	88 15	?
Boy 6 to 10 Yrs.	64 15	?
Boy 10 to 14 Yrs.	70 15	?
Boy 14 to 18 Yrs.	78 45	?

2. How much more, or less, does it cost to clothe a boy than it does to clothe a girl between the ages of (a) 10 and 14 and (b) 14 and 18?

3. What per cent of difference is there in each of the above cases?

4. Write a short statement telling what the problems just solved suggest to you in connection with "economic living."

* *A Suggestive Budget for Families of Low Income*, Washington (D.C.) Council of Social Agencies.

UNIT 24

BUDGETARY ITEMS

Many Different Plans. — As has already been pointed out, certain essential budget items should appear in every budget. The proportion to be set aside for each of these budget items has been worked out with great care. Actual amounts will vary from time to time and from place to place, because the prices of things purchased are not always the same in all places and at all times. It is the *proportionate* amount which should be spent for these items that should not vary greatly for different people or in different places. It frequently happens that where things cost more, wages are higher. Living costs should, and do, have an effect on wages paid in any community. It may be worth while to consider briefly what are regarded as essentials of nearly every person's budget.



Food. — A certain part of one's income must be spent for food. Consideration of health enters into this item. Too small a proportion may mean undernourishment or poor food. Too large an amount for this item may mean too much food, too rich food, unbalanced diet; or overnourishment. The right proportion of expenditure for this item with careful planning of meals and thrifty buying of the things needed, should insure good health, proper physical growth, and adequate attention to the needs of the body. In the tables of budgets shown on pages 215 and 217, you will see what proportion of one's income should be spent for food.

Shelter. — This item may mean anything from a single room to a large estate, according to one's income and habits of living. Comfort and health are major considerations. Everyone is entitled to the best home which his economic circumstances will afford. No one should be forced to live in a home which is below the standard recognized as being adequate in this country. In the table of budgets, provision has been made for a comfortable place in which to live. It is possible, of course, for one person to economize on this item and thus provide larger amounts for



some of the other items. Some people may prefer to live in a better home than would be normal for people of their means and to economize on clothing or some other item to make this possible. Each must judge for himself just what he requires in the matter of a home, clothing, etc. But no one should reduce the expenditure for his home below the point required by a decent standard of living.

Clothing. — Here is an item which causes much trouble, not because it is difficult to determine what it should cost, but because people are likely to spend more than they should for clothing. There is always a tendency to buy something because a friend has it rather than because it is needed. Too many people buy things they see and like, even though they are not needed or are too costly for their incomes.



There is another reason for difficulty with this item. A good many people are victims of changes in style. Relatively few articles of clothing are worn out; many are cast aside because of changes in style. One dislikes to be out of date; consequently things not needed are purchased merely to maintain a reputation for being stylish or to satisfy one's vanity. Careful planning, frugal buying, and self-denial may be necessary to keep within the budget allowance for this item. No item in the budget will contribute more to character building and thrifty living than this one, if an attempt is made to spend for clothing only in accordance with sound principles of economic living. Consult the sample budgets shown on pages 215 and 217 for the part of one's income which should be spent for clothing.



Church, Charity, Gifts. — For the sake of one's character development a certain amount should be set apart to be given away. Failure to give makes one selfish. Care-

less giving leads to waste. Carefully planned giving leads to great personal satisfaction, especially if one is sure that what he is giving is doing the largest possible amount of good. No one, however small this item must be, can afford to leave it out. Each individual must decide carefully just how much he can afford to give. It is not wise, nor in accordance with sound principles of economic living, to give more than one can afford to any cause however worthy. It usually is good for a person, however, to forego some other item in the budget in order that he may give more to some worthy enterprise which is in great need.



It has been said that "It is not what we give, but that which we share" which is important in our lives. By this is meant that gifts which do not involve some sacrifice are not so beneficial to the giver in the way of character building as are gifts which do involve some sacrifice to make them possible.



When it is decided quite definitely how much can be given each year to worthy enterprises, it will be desirable to budget this amount for giving. Those who have relatively small incomes, or who cannot decide in advance how much they can afford to give, may find it necessary to include for these items a sufficient amount under the heading of "Miscellaneous." Generally speaking, however, at least a minimum amount should be set apart for church, charities, and gifts. At least it should be definitely decided how much is going to be given to the church if one is interested in this organization and its work. General charities and gifts may be included under miscellaneous, as they frequently can be provided for in advance.

Recreation. — Recreation is essential to good health and economic living. It must be provided for in any budget. It will vary greatly for individuals. Living conditions, personal tastes, occupation, income, etc., will affect this item. Many forms of recreation cost very little. Those who have small incomes and those who wish to spend their money in other ways, should consider inexpensive recreations before budgeting a large proportion of their money for this item. The important thing is that recreation shall not be overlooked in budget making. Since recreation is essential to physical and mental health and even economic advancement, it may be wise to budget recreation, advancement, and self-improvement under one heading. However, if one has definite interests in the matter of recreation and equally definite interests in the matter of self-improvement, it is better to separate these two items and budget an amount for each. A person is a little more likely to spend money for his own self-improvement when an amount has been set apart for that purpose than he is when the only funds available for such improvement must be taken from funds set apart for recreation as well. One also may spend money for needed recreation more readily when funds are set apart especially for this purpose.



Savings. — In every budget provision should be made for savings. No matter how small the amount, something should be set aside regularly for the future.

This amount should be no more than the budget maker can count on putting aside every week or month. He should let nothing except a very unusual demand on his budget interfere with his savings. Other items should be cut, if necessary, to maintain the savings planned.

Remember that it is the regularity of savings, not the amount, which matters. Also remember that small amounts saved regularly in your youth may mean more in establishing your financial independence than larger sums saved later. Note carefully the proportion of the various incomes which should be saved. Too often people believe that when money is needed for one of the other items in excess of the amount set apart for it, it should be taken from the amount ordinarily set apart for savings. People frequently place savings under *miscellaneous* and plan to save only as much as is left after all other expenditures have been made. This is bad practice. Ultimately it leads to the elimination of savings entirely. Of course it may happen that in one month a large amount is saved; but there will be more months in which little or nothing is saved. As has been said above, it is regularity of savings that counts, not the size of the amount saved from time to time. It cannot be emphasized too strongly that in every budget there should be a separate column headed "Savings," and an amount which is reasonably certain to be saved each month should be placed in this column. Then, except for unexpected emergencies of a serious character, nothing should be permitted to interfere with the saving of the amount budgeted for this purpose.

No. 3349		Henry Smith	
FIRST NATIONAL BANK		SAVINGS ACCOUNT	
		DEPOSITS	WITHDRAWALS BAL.
Jan	1		
Feb	1		
Mar	1		
Apr	1		
May	1		
Jun	1		
Jul	1		
Aug	1		
Sep	1		
Oct	1		
Nov	1		
Dec	1		

Self-Improvement. — This item has been referred to above under the heading of recreation. As was pointed out there, it is better to separate it from recreation so as to insure proper amounts for both items. Provision should be made for it in the budget; it should not be included under miscellaneous. It is one of the items which really can be provided for in advance, and therefore it should not be left to chance as is the case with items scheduled under miscellaneous. What will be necessary in the way of self-improvement for one individual may not be necessary for other individuals. Every individual has special needs in this respect. Some need lectures, others need travel, others need books, and others need a workshop. These are but a few of the many things that may be desired for self-improvement. Each must determine for himself what is the best means of self-improvement for him under his particular circumstances, but no one should proceed very far without recognizing the need for a definite place for this item in his budget.

Health. — Some people include this item under "Recreation"; some include it under "Miscellaneous"; still others treat it as a separate item. Probably under normal conditions health should be included under either recreation or miscellaneous. It has been said that only those who have found it necessary to undergo regular medical treatment or to make fairly regular expenditures in the interest of health, should provide a separate amount for this item. Your individual experience will have to be your guide in this matter. While it may be neither desirable nor necessary to anticipate the need for medical attention, it probably is wiser to put something aside for it. This is a matter for each individual to decide for himself.

Emergencies. — If income is sufficient, this item may be included. It is not always necessary. Usually ordinary emergencies can be met by cutting down some other item or items temporarily. Extraordinary emergencies cannot be foreseen and therefore cannot be budgeted satisfactorily. Too often such an emergency fund is used by the budget maker for some extravagant or unnecessary expenditure which ordinarily would go in one of the other budget columns. Under the general heading of "Miscellaneous" probably even quite unusual demands can be met. With the exception of miscellaneous, it seems best to include only items which can be foreseen and provided for in planning an economic career.

Unusual Items. — One person may be deeply interested in music or some other form of art and want to budget a certain amount for lessons. Perhaps this can be included under self-improvement. It may be included under recreation. Special provision may be made for it in some cases under the heading of "Music" or "Art."

Another person may have a hobby for which he wishes to set aside a certain amount. It is proper to do so as long as proper provision is made for essential budgetary items. Where an expense is as definite as that for a hobby, or for art, it is better to provide for it in the budget, especially if the expense of it can be determined in advance.

Changes in the Budget. — Any variation from a normal budget which budget authorities have approved should be made in the budget itself. A person should not make a budget and then modify it or depart from it from time to time on the theory that in his individual case his needs are different from those of the majority of other people. If one's needs are different, one's budget should be different. A budget once set up should be followed if full benefit is to be obtained from it. It would be a waste of time, and thus a hindrance to economic living, to devote time to budget making and then fail to abide by it in the spending of one's money. An individual should so develop his budget that in time it will

be neither necessary nor desirable to make changes from month to month, or from year to year, except as his income or family changes.

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Do you know

1. What is meant by budgetary items?
2. What is meant by the "proportionate amount" of one's income which is to be spent for each item in a budget?
3. Why certain budget items should appear in every family budget?
4. Why amounts budgeted for certain items in one community might not be the same in another community?
5. What *living costs* should have to do with *living wages* in any community?
6. What items appear in all family budgets and personal budgets?

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The budget

1. How may proper budgeting of family income for food contribute to the health of the family?
2. Would it be possible to make a budget in such a way as to provide inadequate food for the family?
3. What are the major considerations in determining how much to spend for the housing of a family?
4. Why is the item of clothing a rather troublesome one in making a budget? How does it differ from some of the other items in a budget in the matter of difficulty of living within this budget item?
5. It is likely that one could get along without giving money away. Why include this item in the budget?
6. Is it always necessary to provide for gifts among the budget items?
7. Why not let recreation take care of itself? Why should one deliberately plan to spend money for fun and good times?
8. Why a separate item for self-improvement? Why not put this item under miscellaneous or recreation?
9. Under normal conditions is it necessary to provide for health in a separate budget item? Why?

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How much should I save?

Discuss this statement so as to show whether or not you agree with it and why you take the position you do regarding it: "It is clear to almost everyone that each individual should save as much of his income as he can each month. It is a great mistake to decide in advance just how much will be saved and then put aside that much for saving while spending the rest for other things. It is

much better to live as economically as possible, with the help of a budget in which each important item receives as little as a person can manage for it, and then put aside as savings all that remains at the end of each month. In this way it is likely that much more will be saved some months at least than would otherwise be put aside for the future."

Miscellaneous

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What is the need for an item called *miscellaneous* in our budget plans? Why don't we include a separate heading for everything that we are going to spend? Isn't it dangerous to our economic plans to have one item set aside for expenditures outside of the necessities provided for in the other items?

How much should I budget?

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1. In making a budget, how should an individual decide how much to put under each item when he first starts to live in accordance with a budget?

2. Should changes be made in a budget from time to time? Or should a budget once started be lived up to strictly without change?

3. Make a list of a few of the reasons why either a family or personal budget will need to be changed from time to time.

Is this so?

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"The primary purpose of living in accordance with a budget is to save money." Explain why you agree or disagree with this statement, keeping in mind what you have learned about thrift and economic living under a budget plan.

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After studying this unit, you should understand most of these words. If you do not, be sure to look them up and make them your own.

- | | | |
|---------------------|------------------------|----------------------|
| 1. <i>budgetary</i> | 5. <i>improvement</i> | 9. <i>separate</i> |
| 2. <i>economize</i> | 6. <i>independence</i> | 10. <i>style</i> |
| 3. <i>frugal</i> | 7. <i>normal</i> | 11. <i>tendency</i> |
| 4. <i>hindrance</i> | 8. <i>occupation</i> | 12. <i>variation</i> |

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1. A can of pineapple of a certain kind contains 75% pineapple and 25% liquid. Another kind of pineapple contains 50% pineapple and 50% liquid. The first brand costs \$.28 a can, and the second brand costs \$.24 a can. Which is the better brand to buy from the standpoint of food value and economic liv-

ing? Can you state a general principle about buying things which is illustrated by this problem?

2. One garment is all wool, best quality, and can be bought for \$32. Another garment is all wool, but poorest quality, and can be bought for \$20. By experience it has been shown that the first garment will wear twice as long as the second garment. Which is the better one to buy from the standpoint of economic living?

3. Mrs. Brown buys food in quantity and keeps it fresh in an electric refrigerator. Mrs. Gray buys her food just as she needs it and therefore pays a higher price, because she buys in smaller quantities. A comparison of the purchases and expenses of these two ladies shows the following facts:

Mrs. Gray spent for her groceries during the year the following amounts:

January	\$18.75	July	\$22.00
February	19.30	August	14.90
March	17.50	September	16.80
April	14.30	October	17.45
May	16.50	November	19.50
June	20.00	December	24.80

Mrs. Brown spent for her family of the same size the following amounts:

January	\$14.70	July	\$15.00
February	16.30	August	12.00
March	14.10	September	16.00
April	13.00	October	14.00
May	15.00	November	15.50
June	16.00	December	20.25

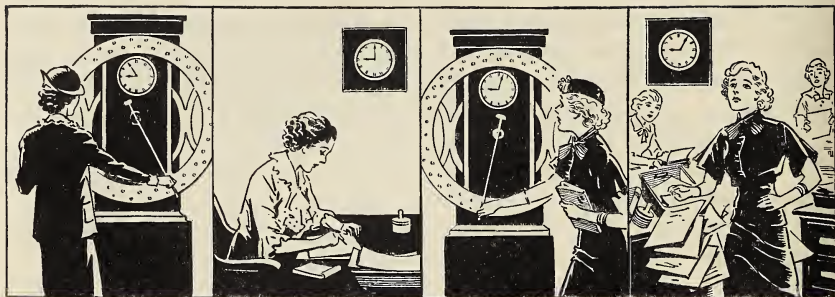
Mrs. Brown's refrigerator cost \$160. Her electric bill for operating it averages \$2 a month. Repairs for the refrigerator for the year were \$1.

Mrs. Gray, at the beginning of the year, had \$160 in the bank earning interest at 4%. She could have used this for a refrigerator but decided that it was not worth while to do so; therefore, she left the money in the bank during the entire year.

- (a) How much did Mrs. Gray spend for groceries during the year?
- (b) How much did Mrs. Brown spend for groceries?
- (c) How much did Mrs. Brown's refrigerator cost her for the year, not taking into account depreciation?
- (d) How much did Mrs. Gray receive for the money she had in the bank?
- (e) Which total bill for food for the year, taking everything into consideration, was the smaller?
- (f) Which plan should you prefer, and why?

UNIT 25

BUDGETING TIME



Why are time clocks necessary in business? Is Mary in the first two pictures more likely to keep her position than is Susan in the third and fourth pictures? Why?

Time Schedule Necessary. — It already has been shown that it is quite as important to budget time as it is to budget money. Each one ordinarily has enough time for the things that should be done every day. The belief that there is too little time usually results from attempting to do too much or from lack of a plan for using the time at our disposal. A daily schedule of activities showing the time to be allotted each one will save a lot of trouble and bring great personal satisfaction. You are quite sure to like it. It is not necessary to include every minute of your time in your schedule. You may, and probably should, leave yourself some free time. Include all of your working hours — at home, in school, and in other places.

Regular habits of work are invaluable. Your own experience will be your best guide as to which items should be scheduled first and which should be scheduled later. As has been shown, some people like to do hard jobs first and save easier ones for the later time when they are somewhat tired. Others prefer to get the small and easy jobs out of the way and devote all their remaining time to more difficult tasks. Find out just how you like to work best, how you do your work to the best advantage, then plan your time budget accordingly.

At first it may seem difficult and annoying to have to consult a time schedule in doing everything that you do each day. Remember, however, that in a short time it will become a habit with you to do the work you have planned for

different times at the time scheduled. Once this habit is formed, you will not have to consult your budget chart very often. But it is important that you be guided by your time schedule until the habit of acting in accordance with it has been established. As in the handling of money, so in the handling of time; it is the habit that counts most.

How to Make a Time Schedule. — In making a time schedule you might proceed as follows: First, list the things you have to do every day. Second, decide how much time will be required for each item. Third, decide what will be the best time to do each thing that you have to do. Fourth, if others are affected by your time schedule, get their approval of your proposed plan. Fifth, make a schedule that will insure the best use of your time every day. Sixth, follow your schedule until to do so becomes a fixed habit.

No one can make a sample schedule that will fit all people. Your schedule will differ from the one shown below in Illustration 16 in many ways, because your school hours and also the demands upon your free time are different. If a boy, you may have home duties or a job that requires some of your time. If a girl, you will want to schedule some time for home duties and for personal activities which happen to interest you. Some of you will want time for extra-curricular activities. Some of you will want time for art, manual training, physical training, or some other item which does not require time every day. In each case the individual must plan for his own needs. Whatever your needs, you should have a plan and follow it closely until regular habits of work, play, and rest are established.

Morning	Afternoon	Evening
7 : 00 Rising hour	12 : 45 General Science class	7 : 30 Study
7 : 30 Breakfast	1 : 30 Home Economics	9 : 00 Reading, recreation
7 : 50 Home chores	2 : 15 Recreation	10 : 00 Retire
8 : 15 Go to school	4 : 00 Work at home	
8 : 45 Study English	5 : 00 Study	
9 : 35 J. B. T. class	6 : 00 Evening meal	
10 : 25 English class	6 : 45 Home chores	
11 : 15 History class		
12 : 00 Luncheon		

ILLUSTRATION 16. TIME SCHEDULE

Helpful Time Schedule. — After you have kept a record of your activities and the time spent on them for a week, you should be able to make for yourself a time schedule for your major schoolwork. A form like the following may be used for this purpose. When completed, paste it in a notebook or keep it where it will be easily accessible for reference until you have formed the *habit* of doing

your schoolwork according to schedule. It will be surprising if your work does not improve under this plan.

SCHEDULE OF SCHOOLWORK

TIME	SUBJECT STUDIED OR OTHER ACTIVITY	NUMBER OF MINUTES
Before School *		
1st Period		
2d Period		
3d Period		
4th Period		
5th Period		
6th Period		
After School *		

Have you reasons for studying each subject when you do? This should not be a matter of chance. Some subjects require more time than others. Some are easier for you. Try to plan the use of your time so as to get the most out of it.

Practice Using Time Schedule. — Rule a sheet of paper like the form below, if a ruled form is not provided, and make a note of the more important things you do and the time you spend on them for a week. At the end of this time you should be able to judge whether you are using your time in accordance with the principles of thrift which have been discussed. Irregularities will be noted. Waste will be detected. Do not try to be so accurate in keeping this record as to make it a distasteful burden. But try to overlook no really important item.

MONDAY

HOOR OF THE DAY	THINGS DONE	TIME SPENT

* You will need more spaces for these periods if you study more than one subject either before or after school.

Note These Things Well. — It may be desirable to set forth a few of the important things which you have learned, or should have learned, about thrift and budget making as important aspects of economic living :

1. A thrift habit scarcely can be developed without the use of a budget.
2. A budget is a guide by which time and money are spent.
3. A budget should be made on the basis of the experience of many people in the apportioning of time and money to their proper uses.
4. Careful records should be kept of time used and money spent, so that one may know that one's budget for any item is not exceeded.
5. All budgets should include provisions for savings.
6. As income increases, budgets should be changed to insure a proper proportion for each item in accordance with the rules of budgeting.
7. Daily time schedules should be made and followed by everyone whose duties are at all regular.
8. While financial budgets and time schedules may seem at first to interfere with freedom of action and use of money, they are likely to become sources of great satisfaction and even pleasure if followed for a time.

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Observe

It is only by directing your attention to matters of thrift that you are likely to become thrifty yourself. You have learned what thrift is; you have learned how to practice it and how to form the habits you need by practice. You will find it not only helpful to do so but also interesting. Try it and see if this is not the case.

1. For the next few days, or as long as your teacher may suggest, make a list of the instances of time or money wasted by you.
2. Also make a list of the ways in which you have practiced thrift of time or money.
3. Make a note of any instances of thrift of time which may come to your attention as you observe others at work or play.
4. Make a note of any instances of thrift of money that you have noticed during the past few days or at any time.
5. During the next week make a note of any instances of thrift of time or money which may come to your attention. Turn your list in at the end of the week or otherwise dispose of it as your teacher may suggest. In no case should you include the name of the person whose use of time or money you have mentioned in your report.

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What about your use of your time?

1. Is it as important in youth to handle money and time thriftily as it is in later life? Explain your answer.

2. As machines are used more and more in commerce and industry, workers have much more time to themselves. Has this matter of leisure time anything to do with the matter of thrift, either of time or of money? In other words, is thrift more important when there is much leisure time or when there is less leisure time?

3. Discuss briefly the effect of the radio on the use of time in the average home.

4. Think of the ways in which your family uses the automobile regularly or occasionally and then try to list the ways in which this machine saves time.

5. Make a list of ways in which it consumes time. Tell whether you think the advantage is in favor of the machine or against it.

6. One person made a list of the causes of waste of time in his daily life and found without much trouble that there were at least twenty. How many can you recognize in your own activities? This young man found that he wasted time by oversleeping; that he arrived late at school and missed several announcements which he had to inquire about later; that he forgot a book needed for certain classwork and had to go to the library to borrow one; that he soiled his fingers with ink by carelessness and then had to spend time washing it off; that he studied the lesson in which he was least interested while intermittently thinking of a skating party which he hoped to join later in the day; that he added columns of figures without putting down the carrying figure, thus necessitating complete readding of the problem for the sake of a single error. These are the types of things that caused a waste of time in his daily activities.

Think of all the ways in which you have wasted time and then see if you can reduce the amount wasted in these ways. It would be a good plan to rule a page like the one below and make a list of all the ways you can think of in which you are likely to waste time; then check off these items as fast as you have overcome the tendency to waste time in these ways.

CHECKING WASTE OF TIME

CAUSES OF WASTE	REMEDY	PROGRESS
Lack of Time Schedule Dawdling	Plan the use of my time Concentrate on my work	OK 5/10/3-

166

How to know that a budget works well

1. After a family or an individual has made a budget for the spending of funds, how can this family or individual know that the plan for spending is working well? In other words, how can it be known that the amount set aside for certain purposes is being spent for those purposes?

2. What is it that the budget we make tells us about our spending?

3. How can we find out how much we have actually spent at the end of the period for which we have made a budget? Is it enough to keep the record of our expenditures only?

4. Even if an individual can remember his income because it comes to him in a single amount each month, is it desirable to include this in his records?

5. It has been said that often one of the reasons why people do not continue their financial records after they have once begun to keep them is that these records are too elaborate and difficult to keep — they take too much time. Why is this likely to be the case?

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Study and use these words in sentences as before. Be sure you have mastered them before leaving the exercise.

- | | | |
|----------------------|---------------------------|-------------------------|
| 1. <i>accessible</i> | 7. <i>error</i> | 13. <i>irregularity</i> |
| 2. <i>accurate</i> | 8. <i>extracurricular</i> | 14. <i>leisure</i> |
| 3. <i>consult</i> | 9. <i>helpful</i> | 15. <i>observe</i> |
| 4. <i>difficult</i> | 10. <i>interesting</i> | 16. <i>overcome</i> |
| 5. <i>easier</i> | 11. <i>intermittently</i> | 17. <i>overlook</i> |
| 6. <i>elaborate</i> | 12. <i>invaluable</i> | 18. <i>schedule</i> |

168

1. John lost five minutes each day for ten days starting his junior business training lesson. If he had a full forty-minute period for this work, what per cent of each period did he lose? How many minutes did he lose in all?

2. Mary dawdled over her lesson and took sixty minutes to do what she could have done in forty minutes if she had concentrated on her work. How many minutes did she lose? What per cent of her time did she lose? If she has three lessons to prepare and loses the same amount of time on each, how much less time has she for recreation and other matters? If she wasted no time in wrong methods of study, could she carry an extra subject without taking any

time from other things? How much time would she have left over after carrying this extra subject if all subjects require the same amount of time and she concentrates on them all instead of dawdling?

3. Suppose the person mentioned in problem 6, exercise 165, wasted time as is indicated below:

Oversleeping	15 minutes
Late at school	5 minutes
Forgetting book	6 minutes
Getting ink off hands	10 minutes
Dawdling over lessons	25 minutes

- How much time did he waste each day?
- How much would be wasted in a school year of 180 days?
- What per cent of his worktime did he waste each day, if his regular work schedule called for six hours?
- How should he set about the task of eliminating this waste?

4. Peter is a somewhat thoughtless person. Yesterday he playfully annoyed Harry. The teacher stopped the recitation and asked Peter to pay attention and keep his mind on his work. Peter insisted that he had done nothing. Five minutes were consumed in dealing with this matter.

- Of a forty-five-minute period, what per cent was wasted because of Peter's conduct?
- If the class contains thirty-two pupils, how many pupil minutes were wasted?
- Is it fair for one student to waste so much of the time of a whole class? Discuss.

5. John asks permission to get a drink of water. There is a drinking fountain on the top floor near the room in which he is working. Instead of using it he goes to the basement, stops at the "gym" to watch the boys for a few minutes, and then takes the longest way back to his room. Thus he spends fifteen minutes of a forty-five-minute period.

- What per cent of his class time does he use this way?
- If he could return in five minutes, what per cent of his class time does he waste?
- Will such action affect the other members of the class? Explain your answer.

UNIT 26

RECORDS AS AN AID TO ECONOMIC LIVING

Need for Records. — In this course we are concerned with all matters that have to do with economic living. We have learned that thrift is one of the essentials of such living; also that budgeting our funds and time is important in handling our business affairs. We want to avoid waste. We want to get our money's worth for all the money we spend. If we are to know that our budget plan is working out well, we must test it against our experience from time to time. By this we mean that we must record not only the amounts we *plan to spend* for different things, but also the *actual amount spent* for these things. Thus we start out at the beginning of a month with a plan for the use of such money as we have to spend during the month. The amount we *expect* to spend for each item is included in our budget. It is necessary to make a simple record of each expenditure as it is made to show just how much we are spending for each item and to prevent spending more than has been allowed for each one. We need to keep these records so that we may make such changes as our experience may indicate are necessary from time to time.

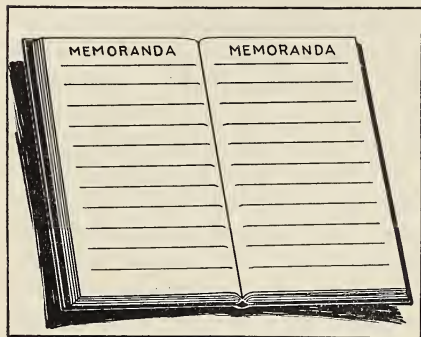
What to Record. — We should keep not only a record of our expenditures but also a record of such income as we receive. We have seen that spending money as fast as it is received usually is evidence that we are not thrifty. This practice is contrary to sound economic living. So it would seem that the first and most important type of record to be kept is that which has to do with our income and expenditures.

One may say: "My income is rather small and therefore my expenditures likewise are small. I can remember what I receive and what I spend without going to the trouble of keeping records." This may or may not be true. At any rate, it must be remembered that one of the purposes of starting early in the practice of procedures that lead to economic living is to assist in forming the right habits with respect to these matters. If the keeping of careful accounts of personal financial affairs is begun early, the habit of making such records will be helpful later in connection with more and larger incomes and expenditures, which cannot be remembered without this sort of aid.

Simple Records. — In keeping records of various kinds we always should be careful not to spend more time on these records than is justified by the results

obtained. It would be uneconomical and wasteful to spend more of the time at our disposal than is necessary in keeping accounts. Personal records should be simple and never burdensome. They should be kept easily and should not be regarded as difficult bookkeeping. Ordinarily they may be kept without any knowledge of even the fundamental principles of bookkeeping such as must be known by those who keep books in business offices. In this course we shall try to learn how personal records can be kept and to afford some practice in keeping

these records. Not only will problems be assigned for this purpose, but it is urged that we keep records in connection with our own personal financial affairs.



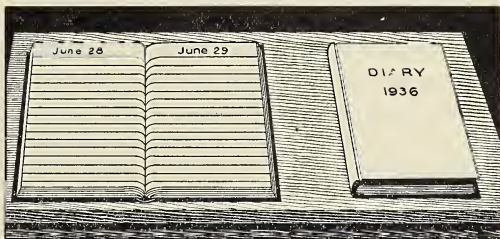
Jot it down.

The Memorandum Book. — In addition to accounts that have to do with the receipt and expenditure of money, we should have records that are concerned with the use of our time. We may need records as an aid to memory in connection with other important affairs besides those which have to do with money. To

illustrate what is meant, the memorandum-book type of record may be suggested. This simplest form of record book is one that may be used for notes concerning one's daily affairs. A common form is shown in the above illustration. By making a memorandum of every item which is likely to become a burden on the memory, it becomes unnecessary to carry many details in mind. All of us have occasional appointments to keep, and when we do, we should not fail to keep them. The memorandum habit will go far toward preventing us from failing to keep our appointments at the proper time. It must be remembered that an appointment always involves someone else. Even though we are careless of our own time, we should not be careless of the time of others. If we agree to meet a person at a given time and place, we should be there at the time and place agreed upon; otherwise, someone is wasting time waiting for us. This is not fair to him. It is a very bad habit always to be late. It is evidence of a certain kind of lack of dependability and, if persisted in over a long period of time, it may have a serious effect on one's character. We should try to be prompt and dependable in all things. In addition to memorandums of appointments, many other things of similar nature should be recorded. Nearly every day boys and girls promise to do things for others — to bring a book to school

tomorrow, to do an errand after school, to turn in a required report next week, to buy a ticket for the debate next Wednesday, to make up some work. Often such promises are forgotten. The memorandum habit will help us to remember them and thus to earn a reputation for being dependable.

A great many people carry what is known as a *dated* memorandum book. Such a book contains a small space for each day in the year and is very convenient for use in jotting down appointments for days in the future and for making notes of things to be attended to at some future time. By keeping such a memorandum book one can tell every morning what things are to be done that day and thus prevent overlooking any. The memorandum habit should be formed early. It will prevent a great deal of trouble and relieve the memory of many things that are not easy to remember in the midst of a busy life.



A few lines a day.

The Diary.—A good many people keep a diary. The chief difference between a diary and the memorandum book just described is that in the diary a record is made of events after they have transpired. It is the practice of an individual who keeps a diary to set down at the end of each day what he regards as being of importance for that day. It is interesting to look back and recall what has been done on certain days in the past. However, this is a purely personal matter and one which need not be recommended for all. Its chief value lies in the fact that it is interesting to the individual and is for him a sort of hobby. For many people it would be a burden and a nuisance. On the contrary, the memorandum book is beneficial to all who use it.

A diary may be of value to some people because it enables them from time to time to check up on the uses they have made of their time. However, since only fairly important subjects are recorded in the diary, the trifling matters which waste time and lead to uneconomic living are not in the record. Therefore, the diary is not so dependable as a means of improving the use of time as it may at first appear to be.

It also should be pointed out that a memorandum book in which are recorded from time to time appointments made, duties to be performed in the future, lessons to be learned, etc., can be looked back upon after the lapse of time as a

sort of record of events that have transpired. Thus while it is an aid in meeting one's obligations, it also possesses some of the value of a diary record of more or less important matters which have transpired. Each must decide for himself whether or not he will keep a diary. But no one should neglect to keep a memorandum book and to use it daily as an aid to memory in the efficient handling of personal affairs, especially those of an economic nature.

How the Memorandum Habit Helps. — In the preceding units we have learned about the importance of budgeting time as well as money. We have just learned that it is important to keep memorandums of our appointments and thus conserve our time from day to day. It seems reasonably sure that almost every person will find many instances of wasted time if he keeps a record of the things he does and the time consumed in doing them from day to day. A budget record in which a certain amount of time is allotted to each of the important duties an individual has to perform each day, and in which a record is kept of the actual time consumed in doing these things, will at the end of the budget period, say a month, be a very interesting record to review. It surely is likely to reveal that too much time has been spent on this task or that, that too little time has been available for recreation, and that duties which should have been performed at one hour have been performed at another.

On the basis of these discoveries it will be possible to make changes in the apportionment of time for the days to come. In this connection, however, one should be cautioned not to be so careful in the use of each minute of time as to make the keeping of a record of it a real burden. By the adoption of a simple system of note making, it should be very easy to make all necessary records. No great amount of time or effort should be necessary for this part of the daily program. For students in school the most important record of time is the one which has to do with the budgeting of time for study and other required duties from day to day. But what is far more important than the immediate effect of such a record of activities is the future benefit which is likely to result from the early formed habit of using time carefully in accordance with a plan.

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The one who forgets

1. A woman says, "I forgot to go to Current Events today. I very much wanted to do so." The next day she remarks, "I nearly forgot the church circle meeting today; I thought of it just in time to arrive there, although I was a little late." The following day she relates, "I promised to meet some people at two o'clock and take them to a certain place. I forgot all about it until late in the afternoon." What advice would you give this person?

2. Are there many matters in connection with schoolwork of which a note should be made to avoid overlooking them? Make a list of the things you think could be entered in a memorandum book as they occur.

3. Tell in your own words the difference between the ordinary memorandum book and the diary. Is the difference between these two books something like the difference between a budget record and the record of income and expenses? Explain.

4. How can the memorandum book be made to assist us in the matter of thrift in time and money?

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Few words in memorandums

In making memorandums of things you wish to remember, it is desirable that you use the fewest possible words and the smallest amount of space, as your memorandum books should be small and convenient to carry and handle. A little practice will enable you to note the things you wish to remember in very few words. For practice, write a memorandum of each of the following items in the fewest possible words, using just enough words so that you will know what you wish to remember:

1. Tomorrow is school bank day, and you wish to take some money to deposit.

2. There is a basketball game next Friday night. It is in the school gymnasium, although it usually takes place elsewhere. The hour is seven o'clock instead of the usual hour of eight.

3. Your father's birthday occurs a week from Saturday. You wish to buy him a present.

4. You are asked to find out what kind of memorandum book some member of your family uses and to report about it to class tomorrow.

5. You have decided to buy a bottle of a new kind of ink called "Half-black No. 2," and you want to be sure to get it at the drugstore tomorrow.

6. Your teacher asks you to come prepared to stay ten minutes after class in the last period of next week Thursday for some special instructions which she wishes to give you.

7. Your mother asks you to come in from play a half-hour early next Wednesday, as she has something she wishes you to do.

8. You have just learned that "David Copperfield" is to be shown in the motion pictures next Saturday. You intend to ask your mother and father to go with you to see this picture.

9. You have seen a book entitled *The World Almanac* which you desire. You wish to ask your parents if you may have it.

10. You have left some clothes to be pressed and cleaned and have been told that they will be ready Thursday at two o'clock.

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Keeping memorandums

Keep a careful memorandum record of important items which you do not wish to forget. At the end of the month, as your teacher may direct, turn in your memorandum book for inspection and credit. In determining the value of your record the following things will be considered: Neatness, conciseness, correctness, completeness, penmanship, spelling, and general improvement. Include only important things you might not remember.

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Not all of the following words may be new to you. Those you already know will need to receive little attention. Be sure that you know them well enough to use them before omitting them from your study.

- | | | |
|-------------------------|-----------------------|-----------------------|
| 1. <i>appointment</i> | 7. <i>effect</i> | 12. <i>procedures</i> |
| 2. <i>burdensome</i> | 8. <i>hobby</i> | 13. <i>promise</i> |
| 3. <i>busy</i> | 9. <i>justified</i> | 14. <i>records</i> |
| 4. <i>consume</i> | 10. <i>keeping</i> | 15. <i>spent</i> |
| 5. <i>dependability</i> | 11. <i>memorandum</i> | 16. <i>transpire</i> |
| 6. <i>diary</i> | | |

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1. Matthew has formed the memorandum habit. He carries a memorandum book and makes a note of every important item which he wishes to remember from day to day. By comparison with his experience before he formed this habit, he finds that the average time required to make memorandums each day is fifteen minutes and that he saves an average of twenty-five minutes each day by not forgetting things he needs to remember. What is his saving of time in each week of five working days of $6\frac{1}{2}$ hours each? What per cent of saving is this?

2. James says, "Bothering with a memorandum book isn't worth while." What do you think about this? Is the saving of time all the benefit received by Matthew?

3. Matthew decides to keep a diary. Will this save time for him as his memorandum book does? Why?

4. Will Matthew need to carry his memorandum book now that he is keeping a diary? Explain.

5. Suppose it takes Matthew fifteen minutes each day to write up his diary. Will this reduce the working time saved each day by the memorandum habit?

6. Practice should enable one to make memorandums that meet all requirements without using many words. What two things are saved in this way?

7. If a careful examination of Matthew's memorandum book shows 30% of his memorandums are about trifling matters, how much time can be saved in a week by leaving out such items?

8. Mr. Watson looks over his record of expenditures for the past year and estimates that this year he should be able to save 12% of the amount spent.

(a) If he spent \$1,600, how much should he save?

(b) In ten years, everything remaining the same, how much money should this man save?

(c) How will information about what we did with our money last year help us to spend less this year?

9. A boy keeps a memorandum book which he hopes will be a model for his class. He spends about thirty minutes each day planning his pages, ruling forms, and lettering headings.

(a) It is estimated that 80% of his time is devoted to making his book attractive. How much time does he use daily in making records? In preparing his pages?

(b) Is there waste of time here?

(c) In the course of a week of five school days, how much time is devoted to beautifying his book?

(d) Advise this boy.

UNIT 27

RECORDS OF THINGS OWNED

The Inventory Record. — There is another kind of record which perhaps is not so important from the standpoint of the individual as it is from the standpoint of a family. This record is called an inventory record. It is a very simple one to keep, and it is one which should be made by every person having personal effects of value. In other words, if a family or an individual has personal possessions which are of enough value to justify having them insured, it is important that a record be made of these items showing their cost, date when they were purchased or otherwise acquired, and their reasonable value.

As will be shown in connection with the study of insurance, all household goods should be insured against loss by fire. However, in case such goods are



Where should the owner's inventory of furniture be at this time? Why?

destroyed by fire, the person who has them insured can recover only as much as he can prove that he has lost. It is necessary, therefore, to know how much articles actually are worth at the time they are destroyed. The only way that a person really can know what things are worth is to keep a record of what he pays for them, or of their value at the time he receives them if they are given to him or otherwise acquired. Then, from time to time, as they are used and lose some of their value, new records of their worth should be made. No one can

remember all the things he buys and what they cost. It is best to prepare an annual inventory or record of everything one possesses. Illustration 17, page 246, shows an inventory record with columns for each of the succeeding years.

It will be seen that the furniture in each of the different rooms is listed separately under an appropriate heading. By doing this it is easy to check up each year on the furniture in each room to see what has been added, or what has been disposed of, and in what condition items are found at the time the inventory is taken. Some things may be damaged more than others. New items can be added to such an inventory list from time to time as they are bought. Blanks may be left for this purpose at the end of the list of items for each room before the name of the next room is written in.

Depreciation. — It is clear that no piece of furniture or other article of household goods will continue to be worth as much as it cost regardless of the use it receives. It is not always possible to determine the exact value of each item at the end of a year, because it would require an expert to judge just what the effect of wear and tear has been. Instead of trying to determine the actual value of each item at the end of each year, it is customary to reduce the value each year a certain per cent which will be fair for all items included in the inventory.

No matter how careful one may be in the use of things, their value is bound to be less at the end of each year because of what is called "ordinary wear and tear." Even if a thing is used but a little, mere passing of time will lessen its value. This lessening of value is called *depreciation*. Prices change. Things become out of date. Heat, cold, moisture, and dryness affect various things in different ways. Dust and repeated dusting wear off finish and cause a certain amount of damage. For many reasons the value of household articles becomes less and less every year until each thing is finally worn out and disposed of in some way.

How Depreciation Is Determined. — If it could be told in advance how long a piece of furniture would last, it would be a simple task to determine its value each year. Since this is impossible, the only thing that can be done is to estimate the life of each article and reduce its value a proper amount each year.



Careful use results in reasonable "wear and tear." Carelessness increases repair bills.

For example, if a table will last under ordinary use twenty-five years, it is plain that a twenty-fifth, or 4%, should be taken off its value each year. If a table costs \$60 when it is new, it will be worth, under this plan, 4% less the next year, or \$57.60. This amount should be extended into the column for that year in the inventory record. Each item should be treated in the same way when an inventory is taken.

If an accident happens to an article, or some other unusual use of it reduces its value more rapidly, there should be an appropriate increase in the rate of reduction of its value. It is proper also, when articles are repaired or in some other way restored to their former value, to reduce the rate of depreciation proportionately. In other words, if an article of furniture has been completely restored to its original value at considerable expense, it is quite likely that there should be no depreciation written off for it at the end of the year in which the repair has been made. Ordinarily it is not customary to change the rate of depreciation except when a rather large amount has been spent for the restoration of something.

Such personal property as watches, pins, chains, clothing, books, and golf clubs may be inventoried in the same way. Beginning to do this early in life will lay the foundation for the development of a good business habit. It will contribute much to economic living. It is one of the surest ways of making us realize that the things we own do not go on having the same value from year to year, regardless of the use made of them or the care taken of them. It is one of the ways in which attention may be drawn to carelessness in the use of things we possess. It is one of the means by which we show that we are attempting to live an economic life, that we are trying to make the best possible use of all the things we possess, and that we are not wasteful and uneconomical in our daily practices with respect to the things we own.

Do you know

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1. Why an inventory should be made of the things we possess in the home?
2. Where such an inventory should be kept and why?
3. What such an inventory should contain?
4. What prices should be used in making an inventory of the things we own?
5. Why each room should be inventoried separately?
6. Why a space should be allowed for new items in addition to those owned at the time an inventory is taken?
7. What is meant by *depreciation*?

8. How the amount of depreciation on an article is best determined?
9. Why the rate of depreciation is different for various articles?
10. How special columns in an inventory record save work?
11. When insured property burns, how much can be recovered from an insurance company with which the property is insured?
12. Whether the rate of depreciation on books in a home library is high or low? Explain.
13. Whether the rate of depreciation on clothing is high or low? Explain.
14. What effect repairs have on furniture in the matter of depreciation in making an inventory? Explain fully.

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Looking ahead

A young married couple start out by buying enough furniture for their apartment. The total amount expended for this furniture is \$1,100. If possible, what can this couple do to insure that, when this furniture is worn out, new furniture can be purchased in its place?

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How much?

Mr. Austin's house burned. In it he had furniture and other personal and family effects which cost a total of \$5,380. Some of these articles had been in his possession as much as twenty years. A few of them had been owned by him less than five years. Would it have been best for him to insure his household goods for the total amount which they cost, or for the amount at which he inventoried them at the time he took out the insurance? Explain.

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The following words are for study and practice as is necessary to make them yours.

- | | | |
|-----------------|--------------|-----------------|
| 1. annual | 6. disposed | 11. owned |
| 2. appropriate | 7. household | 12. possessions |
| 3. customary | 8. inventory | 13. realize |
| 4. depreciation | 9. items | 14. tear |
| 5. destroyed | 10. lessen | |

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Rule a form like the one shown below if a ruled form is not furnished you. Use ruled paper and begin with the current year in the first column and continue with each succeeding year in the following columns.

Room	Furnishings	Depreciation %	1935		1936		1937		1938	
<i>Kitchen</i>	<i>Gas range</i>	<i>6</i>	<i>75</i>	<i>00</i>	<i>70</i>	<i>50</i>				
	<i>Table</i>	<i>44</i>	<i>14</i>	<i>00</i>	<i>13</i>	<i>44</i>				
	<i>Stool</i>	<i>44</i>	<i>5</i>	<i>00</i>	<i>4</i>	<i>80</i>				
	<i>Totals</i>		<i>94</i>	<i>00</i>	<i>88</i>	<i>74</i>				
<i>Bedroom</i>	<i>Bed</i>	<i>44</i>	<i>48</i>	<i>00</i>	<i>46</i>	<i>08</i>				

ILLUSTRATION 17. INVENTORY FORM

Using the form you have ruled, do the following things :

1. Enter on this form the names of the following rooms, leaving seven spaces between each and the next :

Kitchen

Sunroom

Bedroom

Dining room

Living room

2. List five articles usually found in each of these rooms under the title of each room after the manner of the illustration.

3. In the first column under the date of the present year place what you think would be a proper value for each of these articles. If you need help in estimating their value, consult your teacher, your parents, or friends who know about these things.

(a) Find the total value of the furniture you have listed for each room.

(b) What per cent of the total value is in the dining room?

(c) What per cent is in the living room?

(d) What per cent is in the kitchen?

(e) What per cent is in the bedroom?

(f) What per cent is in the sunroom? How do you find this last per cent?

4. Using the following annual rates of depreciation, place in the column for next year's date the value of each item in your inventory: Furniture, 4%; cooking utensils, 10%; dishes and cut glass, 5%; curtains, 10%; bric-a-brac and ornaments, 5%; rugs, 4%; pictures, 3%; books, 10%; table linen, 6%;

bed linen, 5%; silverware, 4%; fireplace utensils, 4%; linoleum, 10%; bed-clothes, 5%.

If you have included items in your inventory which do not come under the above headings, consult your teacher as to the proper rate of depreciation for such items.

5. You may proceed in the same way to find the value of each item in your inventory for the next succeeding year.

6. Find out how much all of the items listed are worth at the beginning of the second year.

7. What is the per cent of depreciation on the entire list of items at the beginning of the year?

8. What is the per cent of depreciation of the entire list of items at the beginning of the third year over the value of these items at the beginning of the first year?

9. Enter one new item for each room at the beginning of the third year.

UNIT 28

CASH RECORDS

Need for Cash Records. — We already have considered simple cash records in connection with the budget record. However, this record provides only for a notation of the amounts we have planned to spend for each item and our actual expenditures. It does not indicate the various sources from which our income has been obtained. Other types of cash records are suitable for the use of individuals in recording their personal cash transactions. We now shall consider various methods of keeping account of the income we have and the uses we make of it.

It may be said that almost no income is too small to justify keeping a record of it. Whether even a small income is derived from an allowance or from earnings, it is very much worth while to keep track of it in a very definite way. Not much time is necessary for this simple cash record if a form is used which makes it necessary to write very little in connection with each record. As we shall see a little later, special rulings can be provided in such a way as to make it unnecessary to do much writing. For the present, we shall consider a simple record form in which each item is recorded as money comes in or is spent.

It cannot be emphasized too much that cash records encourage thrift, and that thrift has much to do with the development of right habits of economic living. It leads to better earning, wiser giving, more sensible spending, and more certain saving. A person who early forms the habit of keeping an accurate record of all cash received and every cent spent from day to day is not so likely to spend money recklessly or to be guilty of thriftless living. It should be remembered in this connection that making a record of receipts and expenditures only once in a while will do very little good. Only by regularly recording each transaction as it occurs from day to day can the *habit* of keeping proper cash accounts be formed. It is this *habit* which really helps people in the adjustment of their economic lives. It is not the record itself that counts so much; it is the habit of using the record that helps in economic living.

Two-Column Cash Record. — This is a simple form of record, as is shown in Illustration 18. It shows all receipts and payments. Only two columns are needed for this purpose, with a space for the date of each transaction and an

explanation of it. The amount of cash on hand when the record is begun is entered in the first money column, with the appropriate explanation, "Cash on hand." The date appears in the column at the left.

As cash is received, an appropriate explanation of its source is noted in the "Explanation" column together with the date when it is received. The amount is placed in the left-hand money column.

Whenever cash is paid out, an appropriate record is made in the same way. Write the date. Next write a brief explanation showing for what the money was paid. Finally write the amount paid in the right-hand column.

It will be seen that the difference between the totals of the two columns at any time shows the amount of cash that should be on hand. Determine the amount of cash on hand — in one's pocket, in the bank, or in some other place. This amount should agree with the difference between the totals of the two columns; in other words, the amount actually on hand should agree with the amount which should be on hand according to the record. If these two amounts are different, a mistake of some kind has been made either in keeping the record, in making change, or in determining the money actually on hand. The record is said to be out of balance.

In case of mistake, an effort should be made to locate the error and correct it at once while the matter is fresh in mind. Determine the actual amount of cash again. Verify the addition of the two columns and the subtraction of the smaller total from the larger. Check each item entered to see that no mistake has been made.

In such personal records as this cash record, the record made is intended only for the use of the one who makes it. For this reason it will be necessary to make the record in such form as will be understood by him only. It can be highly abbreviated for the sake of saving time. It is emphasized again that any record which takes more time than it is worth is a cause of waste and not an aid to economic living. Record-keeping must not become a burden. It should be a pleasure and a help, or it should be discontinued. It is a detail of living, and some people do not like details. They prefer to do things which seem to be more important. It may be suggested again, however, that this detail of record-keeping soon becomes a habit and ceases to be a burden even if it is somewhat troublesome at the beginning. Thousands of people have found that by the early use of this simple record plan a foundation is laid for economic living which guarantees a reasonable amount of contentment and happiness in later life.

Present Benefits of Keeping Cash Records. — However, it is not only because this practice will lead to happiness and contentment later that it is urged. It

CASH RECORD

Date	Explanation	Receipts	Payments
<i>Apr.</i>			
1	Balance of cash on hand	48.60	
2	Groceries		2.86
4	Meat		3.27
5	Week's salary	40.00	
6	Rent for April		40.00
7	Dress		10.60
8	Groceries		2.20
8	Meat		1.10
12	Week's salary	40.00	
13	Coal - 2 tons		26.00
14	Electric light bill		3.20
15	Gas bill		1.10
16	Hat		5.00
16	Groceries		3.21
16	Meat		2.10
18	Milk bill		4.20
19	Week's salary	40.00	
20	Books		2.00
23	Groceries		4.60
23	Meat		2.10
26	Week's salary	40.00	
27	Life insurance premium		60.00
30	Balance of cash on hand		35.06
		208.60	208.60
<i>May</i>			
1	Balance	35.06	
1	Deposited in savings bank		25.00

ILLUSTRATION 18. TWO-COLUMN CASH RECORD

should contribute to happiness and contentment and satisfaction now. The boy, for example, who spends his money as fast as he gets it, and on the first thing that happens to attract his attention, is bound to be without funds for more important purchases from time to time. The boy who earns a certain amount selling papers or doing odd jobs, and who spends freely as money is received, frequently finds that it is impossible for him to attend a ball game, to purchase a book, to attend a movie, or to do some other thing he very much wants to do at the moment. Inability to gratify his desires does lead to a certain amount of unhappiness and discontent. If he realizes that in many cases inability to have the things he wants or to do the things he wishes to do is the result of his failure to spend economically, it is quite certain he will change his ideas regarding the importance and even the necessity of so conducting his personal business affairs as to insure to him the means of more often meeting his needs as they arise than would otherwise be possible.

Closing the Cash Record. — It will be noted in the illustration that when the record for a given period is complete, the record is closed. The first step is to add both columns and place the totals in small penciled figures at the bottom. When this is done, the difference between the two penciled footings will indicate the balance on hand. It then should be written in ink as is indicated in the illustration. The difference is entered in the right-hand column with a proper explanation to show that it is the balance on hand. Then a single line is drawn across both money columns, and the columns are added again. Their totals should be the same. Two lines are drawn under the totals of columns and under the date column. Under the double ruling enter the first day of the succeeding month and "Balance on hand," as is shown. Enter the balance of cash on hand in the left money column. This is the amount with which the next month is begun. Then records of receipts and payments for the next month are entered exactly as they were for the preceding month.

Special-Payment Columns. — It is not impossible to determine from a record kept in a one-payment column the total amount paid for each item for which several payments have been made, but it would require much time to do this. It would be necessary to draw off on a separate paper a list of the separate expenditures under different headings. For example, there might have been half a dozen expenditures for personal clothing items. To find out how much has been spent for clothing, it would be necessary to add all of these. To find out how much has been spent for groceries, it would be necessary to add all of the grocery items. Since they are scattered throughout the record, it would be necessary to draw them off on a separate sheet. This would take time, use paper, and otherwise be wasteful if a better method can be found.

To save time, it has been found desirable in some cases, especially where expenditures are made from day to day for the same item, to use a cash record form in which a separate column is provided for each of the more important items of expense. The special-column record shown in Illustration 19 illustrates this form for recording cash transactions. Only enough transactions are entered to illustrate the use of this particular form.

On examination of the illustration, it will be seen that the total of the "Receipts" column at the end of the month shows the total cash received. It will be seen also that the total of the "Payments" column is equal to the sum of the totals of the separate payment columns. In other words, if all the payments for groceries, meat, fuel, clothing, and miscellaneous are added, an amount will be obtained equal to the total of the single payment column. To find out exactly how much has been spent for groceries, all that is necessary is to add the column under that heading. It is not necessary to draw off on a separate piece of paper all the different payments for groceries during the month. The same can be said of meat, fuel, and clothing.

Additional columns can be added if there are payments for other items which are frequent enough each month to justify such columns. Each individual must determine for himself how many columns he needs. It is better to enter in a miscellaneous column items which occur occasionally. Among the columns that may be added if they are required are the following: Amusements, recreation, health, church, charity, clothing, carfare, books, school expenses, board, and room. Sometimes the miscellaneous column is called "Sundries" column. Either term will do.

It is well to remember that if a budget is being kept as it should be, the columns representing payments in the cash record should contain the titles of all the columns appearing on the budget record. This will not always be true. For example, one would surely have a budget item called "clothing." If a person makes a practice of buying his clothing on a single shopping trip, say once a month, it would hardly be necessary to have a special column for this item in the cashbook. There would be but one record to make each month. On the other hand, if the practice is the usual one of purchasing items of clothing from time to time when needed, a clothing column certainly should be provided.

Special-Receipts Columns. — If, as is quite often the case, money is received from only one source, or possibly two, a cashbook with special columns for receipts is not very important. This is the case with most individuals whose income consists largely of wages received at regular intervals. It also is the case with young people whose only cash is in the form of an allowance regularly

given to them by parents. In some cases, however, even young people may receive an allowance regularly and also earn income for odd jobs done at various times. For young people who have a number of sources of income, special-receipts columns will be somewhat of an advantage in keeping a record of amounts received. Unless, however, there are several sources of income, a single column should be used to save space in the record and also the expenses of a more costly special-column cash-receipts record book. These special record sheets come already ruled. Where there are several columns on both sides of the record, a cashbook will be more costly than one with single columns. The cost will be greater even though it is not purchased at a store, since it takes time to rule columns and requires a wider and more expensive book to provide adequate space for several columns. Thus it will be seen that extra columns represent a waste of time and money unless they are needed because of the nature of receipts and payments.

The procedure is exactly the same as that used in keeping a cashbook with special columns for payments, as is shown in Illustration 19. At the outset, the amount on hand is entered in the "Totals" and "Sundry" columns together with the date and an appropriate explanation. Next, as each item of cash is received an explanation of it is entered in the proper space together with the date. The amount received is placed in the proper column to show for what it is received. It will be noted in the illustration of such a cash record that there are but two sources of regular income, work and allowance. There is a "Sundry" column in which is recorded any unusual or irregular income.

At the conclusion of the period, usually a month, all of the columns are added. The footing of the "Totals" column shows the amount of cash received plus what was on hand at the beginning of the month. The sum of the totals of the other three columns also indicates the amount of cash received, if the balance on hand at the beginning of the month is also entered in the "Sundry" column as it should be. The rulings used in balancing this kind of cashbook are shown in the illustration. The "Balance on hand" is brought down for use next month just as was done in the other kinds of cashbooks.

It will be seen that such a record is more than a record of cash received and paid out. It shows the amount received from each source and the cost of each important item for which money has been paid. Comparisons can be made from month to month. An unusual increase or decrease in any item will be noticed. This is an aid to economic living. A person who forms the habit of scrutinizing carefully expenditures as they are made is more likely to get his money's worth than is an individual who pays little attention to the cost of things as long as he has the money with which to pay for them.

CASHBOOK

Date	Explanation	Receipts	Payments	Payments Classified				
				Groceries	Meat	Fuel	Clothing	Misc.
19- Apr 1	Balance of cash on hand	4860						
2	Groceries		286	286				
4	Meat		327		327			
5	Week's salary							
6	Rent for April	4000						
7	Dress		4000					
8	Groceries		1060					
8	Groceries		220	220			1060	4000
8	Meat		110		110			
12	Week's salary	4000						
13	Coal - 2 tons		2600			2600		
14	Electric light bill		320					
15	Glass bill		110			110		320
16	Hat		500				500	
16	Groceries		321	321				
16	Meat		210		210			
18	Milk bill		420					
19	Week's salary	4000						
20	Books		200					
23	Groceries		460	460				
23	Meat		210		210			
26	Week's salary	4000						
27	Life insurance premium		6000					
		20860	17354	1707	857	2710	1560	6000
30	Balance of cash on hand		3506					
		20860	20860					
May 1	Balance	3506						
1	Deposited in savings bank		2500					

ILLUSTRATION 19. SPECIAL-PAYMENTS COLUMNS

CASHBOOK

Receipts			Date	Explanations	Payments				
Sundry	For Work	Allowance			Totals	Clothing	Books and Supplies	Recreation	Savings
535		150	1917 Nov 1	Balance of cash on hand					
		150		1 Allowance for week					
				3 New cap	75	75			
	80			5 Repairs on bicycle	100				100
				7 Received for work, Mr. Smith					
				9 Bought history ref. book					
250		150		9 Allowance for week	112		112		
		250		10 Received for my birthday					
				12 Football ticket	75			75	
	310			13 Deposited in savings bank	300				300
		150		15 Received for work, Mr. Stewart					
		150		15 Week's allowance					
50				16 Bad pencil and note book	45		45		
		50		17 Found on street					
				19 New gymnasium suit	180			180	
		150		20 Birthday gift to sister	110				110
				21 Week's allowance					
				23 Ticket for football game	50			50	
				24 To community chest fund	100				100
				26 Shoes repaired	90	90			
				27 For Sunday school pledge	225				225
		150		28 Week's allowance					
835	940			30 New gloves	95	95			
		750	1917		1537	260	157	305	900
				30 Balance on hand	418				
			1917		1975				
418			Dec 1	Balance on hand					
		150		1 Week's allowance					
				1 Deposit in savings bank	125				125

ILLUSTRATION 20. SPECIAL COLUMNS FOR RECEIPTS AND PAYMENTS

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A simple cash record form

1. What is the simplest form of cash record? How many columns does this form contain? What goes in the first column? In the second column?
 2. In the two-column cash record, what goes in the column marked "Explanation"?
 3. How can cash on hand at any given time be found from this record?
 4. Explain what is meant by closing the cash record, and how this is done.
 5. Explain how cash records may encourage thrift.
 6. Why keep cash records at all until we have rather large amounts to record?
- In other words, why should young people begin the practice of keeping records of income and expenses?

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Saving work

1. What is meant by *special-payment* column cashbook?
2. How does such a cashbook save time?
3. In accounts such as cash records, should the writing be very large, very small, or of medium size? Why?
4. How should the figures be written in the columns? What care should be taken? Why?
5. In all three kinds of cashbooks, the date is written in next to which column?
6. Why are special-payment columns needed more than special-receipt columns for the average person?
7. How can it be proved that the items entered in the special-payment columns probably are correct?
8. How is the balance of the cash on hand found from a special-payment column cash record book?
9. Explain how a special-payment column cashbook is closed, showing the balance and getting the book ready to start a new month.
10. When is it desirable to have a special-receipt column cashbook?
11. When both special-receipt columns and special-payment columns are used, where is the explanation of the transaction written?
12. What need is there for a *total* column on the cash-receipts side and cash-payments side of a cashbook? How is it used in proving the correctness of the record?
13. How is this form of cashbook closed and made ready for the next month?

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Words for study as needed :

- | | | |
|-----------------------|-------------------------|-----------------------|
| 1. <i>abbreviated</i> | 7. <i>explanation</i> | 13. <i>sensible</i> |
| 2. <i>additional</i> | 8. <i>gratify</i> | 14. <i>sources</i> |
| 3. <i>adjustment</i> | 9. <i>guilty</i> | 15. <i>succeeding</i> |
| 4. <i>balance</i> | 10. <i>intervals</i> | 16. <i>sundry</i> |
| 5. <i>columns</i> | 11. <i>recklessly</i> | 17. <i>verify</i> |
| 6. <i>derive</i> | 12. <i>scrutinizing</i> | |

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Practice

Using a two-column cash record form, enter the following items for the month of November and balance your account as is shown in Illustration 18.

November :

1. Cash on hand, \$14.10; received for week's allowance, \$2.50; paid for textbook, \$1.20.
2. Carfare, \$.20; Student Association dues, \$1.
3. Received for work, \$1.80; bought a new cap, \$.75.
4. Lent a friend, \$.50; bought postage stamps, \$.30; paid for luncheon tickets, \$3; subscribed for magazine, \$.50.
6. Week's allowance, \$2.50; bought stationery, \$.80; bought season basketball ticket, \$5.
6. Received for work, \$38.50; found, \$1.50; sold book, \$.75.
7. Bought shoes, \$5.50.
8. Bought motion-picture tickets, \$.90; stationery, \$.40.
9. Received \$.50 lent to friend.
10. Received for work, \$1.25
11. Received for work, \$1.50.
12. Found owner of the \$1.50 found on the 6th and returned it to him.
14. Paid Athletic Association dues, \$2.
20. Paid for repairs to bicycle, \$1.20.
21. Received cash for allowance due 14th and today, \$5.
23. Bought clothing, \$3.80.
26. Bought luncheon tickets, \$5.
28. Allowance, \$2.50.

Practice

To give you practice in keeping cash accounts, your mother asks you to keep a record of income and expenditures for the house during the month of December. You will keep this record on the same form of cashbook used in the preceding exercise.

December :

1. Cash on hand, \$15.80; amount budgeted for the month, \$75; paid laundress, \$2.50.
2. Paid for groceries, \$3.80.
3. Paid for baked goods, \$1.75.
4. Received cash for groceries returned, \$1.70.
5. Bought meat, \$1.80.
6. Bought fruit, \$2.10; groceries, \$5.90.
7. Vegetables, \$1.20.
8. Laundress, \$2.50.
9. Meat, \$.70; groceries, \$2.10.
10. Fruit, \$1.04.
11. Exchanged piece of meat not satisfactory, receiving in return another piece costing \$.50 less. Received the \$.50 in cash.
12. Paid for cleaning rugs, \$3.
13. Paid for window washing, \$1.50.
14. Bought fruit, \$1.85.
15. Received cash to correct error in bill for groceries, \$1.
16. Bought groceries, \$6.50.
17. Paid for furniture repairs, \$3.10.
18. Donated to the Christmas Funds at the church, \$2.
19. Groceries, \$7.90.
20. Meat, \$.80.
21. Laundress, \$2.50.
22. Fruit, \$3.80.
23. Special Christmas supplies, \$10.
24. Groceries, \$6.80.
26. Received cash for goods returned, \$2.40.
31. Milk bill for the month, \$5.50; electric-light bill, \$3.75; gas bill, \$5.10; telephone bill, \$2.50.

Balance this cash account.

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Details of costs

Your mother has looked over your record and now wishes that she knew just how much each of the important items cost for the month. She asks that you make a statement showing how much the following items cost :

Groceries	Rug cleaning
Milk	Electric light
Fruit	Gas
Furniture repairs	Telephone

You may make a list of these items and indicate the amount spent for each.

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Practice

To get more easily the information your mother desires regarding the cost of the various items in her monthly expenditures, you suggest that for the month of January the record be kept in a cash record form with special-payment columns. Using the form shown in Illustration 19, record the following transactions for the month of January.

January :

2. Balance on hand, \$4.41 ; received on the budget, \$50 ; spent for groceries, \$3.98 ; for meat, \$1.82.
3. Bought a ton of coal, \$10.90 ; half a cord of fireplace wood, \$6.
4. Groceries, \$4.87 ; meat, \$1.28 ; furniture, \$3.90.
5. Fruit, \$1.82 ; meat, \$2.10 ; groceries, \$4.90.
6. Laundress, \$5.
7. Received \$25, on budget.
8. Miscellaneous household items, \$2.50.
9. Bought books, \$1.80.
10. Special church contribution, \$2.10.
11. Groceries, \$4.60 ; kitchen utensils, \$1.10 ; meat, \$3.06 ; received balance of monthly budget, \$25.
12. Groceries, \$2.10.
17. Laundress, \$2.50 ; rugs cleaned, \$1.50 ; fruit, \$3.80.
19. Meat, \$3.97.
21. Extra laundering, \$3.
22. Fruit, \$1.60.
24. Kitchen utensils, \$1.90.

26. Gift to Salvation Army, \$2.
29. Groceries, \$4.90.
31. Electric-light bill, \$3.75 ; gas bill, \$5.70 ; telephone bill, \$4.80.

Close the cash record so as to show balance on hand at the start of the following month.

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Project for father

Your father has become interested in your cash record work and asks you to keep his cash account for February. Since he has a number of items of income as well as of expenses, it will be best to keep his account in a book with special-receipts columns and special-payments columns.

(a) For practice in keeping this kind of record before undertaking to keep your father's cash record, you may record your personal transactions for November, page 257, on this kind of record, using the form shown in Illustration 20, but with columns on the receipts side for Sundry, Work, Allowance, and Totals ; and on the payments side for Totals, School, Clothing, and Sundry.

Close the account, showing the balance for the next month. Compare your balance with the one obtained in the previous record of these transactions.

(b) Enter the following transactions for your father on a special-column cash record form having these columns : *Receipts* — Sundry, Work, Investments, and Totals ; *Payments* — Totals, Clothing, House Budget, Insurance, Savings, Automobile, Recreation, and Sundry.

February :

1. On hand, \$287.50 ; on house budget, \$40 ; automobile repairs, \$4.50.
2. Suit of clothes, \$40 ; insurance premium, \$15.
3. Gymnasium dues, \$5 ; automobile tire, \$14.50.
4. Theater tickets, \$2 ; deposited in savings bank, \$30.
7. Salary, \$50 ; paid carpenter for house repairs, \$14.
9. Club dues, \$10 ; received interest on an investment, \$20.
11. On house budget, \$20.
12. Plumber, \$2.50 ; books, \$4.50 ; gasoline, \$2.50 ; oil for car, \$1.10.
13. Fireplace wood, \$4.50.
14. Salary, \$50 ; paid accident insurance premium, \$5.
15. Received from insurance company for loss through accident in January \$25.60.
16. Shoes, \$6 ; hat, \$3.50 ; car washed, \$1.50.
17. Received dividend on investment, \$12.50 ; paid for shoveling snow, \$2.50.

18. Put into savings bank, \$40; ties, \$3.50; shirts, \$5.
19. House budget, \$15; gasoline, \$1.80.
20. Automobile battery repair, \$1.90.
21. Salary, \$50; paid water bill to city, \$4.55.
23. Luncheon tickets, \$15.
24. Railroad fare and expenses on trip, \$12.75; file for personal papers, \$3.50.
25. Bus tickets, \$3.25.
26. Overcoat, \$35; gasoline, \$1.25.
28. Newspapers for month, \$2.10; salary, \$50; put into savings bank, \$50; extra for house budget, \$15; interest on money lent a friend, \$10; club charges for luncheons, \$7.85; refund from employer for expenses of trip on the 24th, \$5.

Close the account, showing balance for first of next month.

UNIT 29

PERSONAL ACCOUNT RECORDS

Book for Personal Accounts. — It is not necessary that individuals shall keep a complete set of books in exactly the same way as business firms keep their books. It is important, however, that when a person owes other people, records shall be kept in such form as will make it perfectly clear just how much is owed, to whom amounts are owed, and when these amounts are due. Every person should keep accurate records of amounts owed to him, the people by whom the amounts are owed, and the dates when these debts were made and when paid. Such records of amounts due from and to others are called personal accounts.

A small book with pages ruled in what is called "ledger form" is best for this purpose. Illustration 21 shows this ruling and how personal accounts are kept with those who owe us. Records of transactions with those whom we owe may be kept in a different part of the same book; these accounts, since they must be paid at some time, are known as *accounts payable*. Accounts with people from whom we expect payments at some time are called *accounts receivable*.

302 Mt Vernon St				Eleanor H. Bancroft				Dedham, Mass.			
19—				19—							
May 1	Sold her antique			May 15	Rec'd cash			25 00			
	desk and chair	121 00		30	" "			20 00			
June 10	Sold her ten			June 5	" "			18 00			
	dinner plates	15 00		11	She returned one						
					cracked plate			1 50			
				15	Rec'd cash in full			71 50			
		136 00						136 00			
July 10	Sold her antique			July 20	Rec'd cash			10 00			
	glassware	28 00		30	" "			5 00			
		28 00		31	Balance owing			13 00			
								28 00			
Aug. 1	Balance owing	13 00									

ILLUSTRATION 21. AN ACCOUNT RECEIVABLE

39 Millmont St.		Daniel Keegan		Akron, Ohio			
19-	June 30	Paid cash	20 00	19-	June 8	Bot 2 tires 6"x16"	31 80
	30	Balance owing	24 55		15	" oil filter	12 75
			44 55				44 55
July	15	Paid cash	5 55	July	1	Balance owing	24 55
	30	" "	9 00				
	30	Balance owing	10 00				
			24 55				24 55
					Aug. 1	Balance owing	10 00

ILLUSTRATION 22. AN ACCOUNT PAYABLE

If we sell anything to a person with the understanding that it is to be paid for in the future, an entry is made on the left-hand side of the book under the name of the person or firm to whom the sale has been made. If we work for others who do not pay us as soon as our work is completed, we should make a record of the amount owed us. This is done in the same way; that is, by making the record on the left-hand side of the account with the name of the party who owes us as the heading of the account.

When a person who owes us money for work done, or for something we have sold to him, pays what he owes, we make an appropriate record on the right-hand side of the account which bears his name. When he has paid all that he owes us, the two sides of this account will be the same; that is, they will balance. Then they may be ruled to show that the account has been closed. This usually is done by ruling single lines under the amount or amounts in each column, adding both columns, and placing the total of each under the single lines. Immediately below the totals thus entered, two lines are drawn across all columns, except the "explanation" columns, to indicate that this account has been closed and is of no more immediate concern to us.

The same procedure is followed when we pay amounts we owe to others. The only difference is that when we make payments to others, the record of these payments is made on the left-hand side of the account. When all that we owe has been paid an individual, we close the account exactly as instructed above.

Do you know

1. Why an individual should keep a record of what he owes others? The one he owes will not forget the debt.

2. Why a record should be made of any transaction which requires the payment of money in the future?
3. What should be shown in records with people whom a person owes and with those who owe him?
4. What is the name usually given to records such as are mentioned above?
5. What is meant by the terms *accounts payable* and *accounts receivable*?

Study the illustration

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1. Study Illustrations 21 and 22 until you can tell what kind of transaction each entry represents. What was done in each case that called for the entry made?
2. Suppose you have made these records; *i.e.*, that they are for your transactions with persons named.
 - (a) Which accounts show something owed to you?
 - (b) Which show something owed by you?
 - (c) Which show that nothing is owed?

On which side is a record made

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1. When something is sold a person to be paid for later?
2. When something is bought to be paid for later?
3. When you work for someone who is to pay you later?
4. When someone works for you and agrees to wait for his pay?
5. When someone pays you for something previously bought from you?
6. When you pay someone for something you bought from him?
7. When you receive your pay for work done several days ago?
8. When you pay someone who did work for you a number of days ago?

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One's vocabulary grows, not alone through the study of words, but also by practice in their use. Do not lose a chance to use a word recently learned, before you forget it. Try to use these words in appropriate sentences.

- | | |
|-------------------------------|-------------------------|
| 1. <i>accounts payable</i> | 9. <i>payable</i> |
| 2. <i>accounts receivable</i> | 10. <i>personal</i> |
| 3. <i>concern</i> | 11. <i>practice</i> |
| 4. <i>future</i> | 12. <i>procedure</i> |
| 5. <i>heading</i> | 13. <i>receivable</i> |
| 6. <i>immediately</i> | 14. <i>transactions</i> |
| 7. <i>ledger</i> | 15. <i>vocabulary</i> |
| 8. <i>owing</i> | |

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Work for the home

You have been asked to keep personal accounts for all transactions of your home which are not settled in cash at once. For these records you will need some sheets of paper ruled like Illustration 21.

You have been furnished a memorandum of credit transactions for the month of October. For practice before beginning to keep personal account records for the next month as requested, you will record these October transactions in ledger accounts.

You may open the following ledger accounts. Leave five spaces for the records in each account. Use current year in making records.

City Flower Shop, 487 State St.

Standard Filling Station, 289 Beacon St.

George Johnson, 37 Locust St.

Arthur Willis, 498 Main St.

James Rawlins, 46 Lake St.

City Club, 18 City Square

Henry Jones, 192 Park Square

Charles Farwell, 87 Pine St.

Alfred Walters, 432 Genesee St.

Dr. Albert Crawford, 472 Main St.

Albert Proctor, 612 Elm St.

Harold Smith, 49 Maple Ave.

Grace Roberts, 63 Kirkland Place

H. B. Wilson, 764 Maplewood Park

You may now proceed to enter the following transactions in the accounts you have opened. Note that in each transaction payment is to be made at a future date.

October :

1. Bought flowers at City Flower Shop, \$2.10.
2. Bought of the Standard Filling Station, 15 gallons of gasoline at \$.18.
3. George Johnson repaired broken windowpane, \$1.
4. Arthur Willis did 6 hours' work on the lawn at \$.50 an hour.
5. Bought one gallon of oil for car at Standard Filling Station, \$.90; battery recharged, \$1.25.
6. Sold a chair to Albert Proctor, \$4.50.
7. Suit of clothes pressed by James Rawlins, \$.75.
8. Sold Harold Smith some tickets for an entertainment to be paid for next month, \$3.10.

9. George Johnson fitted set of storm windows, \$2.50.
10. Sold Grace Roberts 3 books at \$.60 each, on credit.
11. Pledged \$5 to City Club to be paid at end of month.
12. Bill received from James Rawlins for cleaning clothing, \$3.75.
13. Bought of Standard Filling Station, 12 gallons of gasoline at \$.18.
14. Paid Arthur Willis for work on lawn done on Oct. 4th.
15. Paid George Johnson for work done on 3d and 9th.
16. Bought flowers at City Flower Shop, \$1.50.
17. George Johnson repaired a chair, \$2.30.
18. Bought of Henry Jones, four tickets for a church concert, \$2.
19. Had work done on car by Charles Farwell, \$5.35.
20. Bought a used typewriter from Alfred Walters for \$32.
21. Read and criticized a report written by H. B. Wilson, for \$2.50.
22. Bought of the Standard Filling Station a car heater, \$12.75.
23. Had tooth filled by Dr. Albert Crawford, \$5.50.
24. Arthur Willis did work on the flower garden, 8 hours at \$.50.
25. James Rawlins credits us with \$1 for unsatisfactory cleaning.
26. Bought of City Flower Shop, fall bulbs, \$3.10.
27. Paid Standard Filling Station for car heater purchased the 22d.
28. Ordered flowers sent to a funeral by City Flower Shop, \$3.
29. Paid Arthur Willis on account, \$3.
30. Dental work by Dr. Albert Crawford, \$4.
31. Received cash from H. B. Wilson for work done on 21st.

Do you understand your records?

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1. How many accounts were used for October transactions?
2. Which ones should be balanced?
3. Which are accounts receivable? Which accounts payable? How can you tell, even if you do not know about the original transactions?
4. For which accounts is money owed by the family? To the family?
5. How much credit did the family use in October?
6. How much of this total credit has been paid off? What per cent of it?
7. How much credit was granted by the family?
8. How much has been paid off? What per cent?

Prepare accounts for the next month

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1. Foot all accounts in pencil.
2. Rule those accounts which balance.
3. Rule the others and bring the balances down under the rulings preparatory to recording the next month's transactions.

UNIT 30

PERSONAL BUSINESS PAPERS IN ECONOMIC LIVING

Importance of Business Papers. — Everyone has many things to remember, and it is not easy to remember them all. Some of these things are not very important. If they are not remembered just as they occur, no great harm is done. However, in the case of business transactions which people enter into every day, it is important that details shall be remembered; moreover, that they shall be recorded in some way, so as to aid the memory in recalling just what has taken place. Because of this fact, it is customary for people to use forms of various kinds to represent business transactions. This practice is very important in business, and in a smaller way it is equally important for individuals. In this unit of instruction we shall consider only those business papers which are of special interest to people in connection with their personal affairs. There are not many of them, and most of them have to do with the payment of money.

These are the things to be learned about business papers: (1) When to use them; (2) why they are used; and (3) how they are prepared. It should be remembered that we are studying these business forms because they play an important part in our economic life. Without these papers we should suffer loss from time to time. With their aid we can prevent much loss through avoidance of waste of time and money. We have been learning how to get the most out of money and other resources. Understanding the use of business papers is but another means by which we may accomplish this result.

Receipt — What It Should Contain. — Nearly everyone who has money spends it at some time. In the spending of it something is being purchased or a debt is being paid. Nobody wishes to pay for a thing a second time, and yet unless a person is able to prove that he already has paid for it, he may be called upon to pay again. Therefore, it is necessary that there shall be some evidence that payment has been made. This evidence usually is in the form of a *receipt*. A receipt is a written statement acknowledging the payment of a debt or that money has been received for something sold or for services rendered. It is signed by the one who has received the money and is given to the one who has paid it. A receipt, to be acceptable, should include these things: (1) When

the payment is made; (2) words indicating that the payment has been made; (3) the amount paid; (4) the purpose for which the payment is made; (5) the name of the person paying the money; and (6) the signature of the one who acknowledges that he has received payment.

Form of Receipt. — It does not matter much in what form the receipt is written. Any paper so written as to indicate the above things may be regarded as a good receipt. However, for convenience a simple form of receipt is used by most people. Simple forms are shown in Illustration 23. You will note that they include all of the items referred to above. They tell where the receipt was given, the date on which it was given, the person to whom it was given or from whom the money was received, the amount that was paid, the purpose for which the payment was made, and the signature of the person who received the money.

Always Get a Receipt. — Every person who pays a debt of any kind should ask for and insist upon getting a receipt in some form. He has a right to it. Very few people will object to giving a receipt for what they have received.

It sometimes is good practice to make out a receipt when money is to be paid, leaving space for the signature of the one to whom the money is to be paid. When the payment is made, the receipt is presented for the signature of the person who receives the money. This simplifies the matter and saves time and inconvenience. This is especially desirable if the money is to be paid at a time when, or at a place where, it would not be convenient for the receiver to write a receipt. For example, one might wish to pay money to a friend at a ball game or at some other place away from his home or office. In that case it would be quite inconvenient for the receiver of the money to write a receipt. It is only a matter of courtesy that the person paying the money should provide a receipt when payment is made under such circumstances.

Receipts as Evidence of Payment. — A receipt is good evidence that payment has been made if there is ever any question about it. On the other hand, it is not absolute proof that such payment has been made. We do not need to go into the technical aspects of the law regarding this matter, but we should point out that the mere possession of a receipt by one who has not made payment is not necessarily conclusive evidence that payment has been made.

This is what might happen. A teacher is asked to speak at an educational meeting, and his expenses are to be paid by the treasurer of the teachers' association. At the conclusion of the meeting the speaker is given a blank to use in making a claim for expenses. He enters his expenses on this blank, receipts it as requested, and mails it to the treasurer of the organization, who through some mistake does not make payment but thinks he has done so. Later when he is asked for payment, he shows the receipted bill and seeks to prove thereby

Augusta, Maine, Sept. 12, 193—
 Received of Lawrence E. Corbett
 Eighteen and $\frac{24}{100}$ ————— Dollars
 In full to date for repairs on Ford car
 # 2,642,516.
 \$18.24
 Harold F. Smith

Augusta, Maine, Sept. 12, 19—
 This acknowledges receipt of \$18.24 in
 full settlement of my bill for repairs
 on Lawrence E. Corbett's Ford car # 2,642,516.
 Harold F. Smith

Augusta, Maine, Sept. 12, 19—
 Received from Lawrence E. Corbett,
 eighteen dollars and twenty-four cents
 (\$18.24) in full to date for repairs on Ford
 car # 2,642,516
 Harold F. Smith



Receipt between personal friends.

that he has paid the money. In such a case proof that payment has *not* been made must be established by the one to whom the money is due. In other words, he will have to bring legal action against the man who claims he has paid the money. If the person claiming that payment has not been made can prove by witnesses, or otherwise, that he has never received the money, and that the receipt was given in advance of payment, he has a good chance of proving his claim and receiving his money. The court under these circumstances will not consider possession of a receipt sufficient evidence of payment to prevent collection of an unpaid debt.

Thus you see that the difference between having a receipt and not having one is this: If you have a receipt for the payment of money and there is any question about it later, the party who gave you the receipt will have to prove that payment has *not* been made. This usually will be difficult for him to do if the payment actually has been made. If you have no receipt and are sued for money which you have paid, the burden of proof that you have paid it will be yours. Hence the importance of a receipt in every business transaction involving the payment of money.

Receipts between Friends.— You may say that in transactions between friends receipts are not necessary. This possibly is true, but it is best to ask for a receipt even when paying a friend, since even a friend may forget. People are not so likely to be dishonest in dealing with friends, but forgetfulness is as likely to occur in business transactions between friends as it is in business transactions between strangers. Get a receipt for every important payment of money.

Bills or Invoices.— As has been said, it is not necessary that a receipt shall be in any particular form. The most convenient form is the one best to use. A receipt form such as is illustrated is the one used where a receipt is given for ordinary payments of money. It happens, however, that many payments are

made for purchases for which bills were rendered at the time the purchases were made or services rendered. Hence, we should learn how bills or invoices are made out and receipted.

Form and Contents of Bill or Invoice. — All that is required in making out a bill for services rendered is to indicate the date when the bill is made out, the person for whom the service has been rendered, his address, the name of the person rendering the service, the nature of the service, and the amount agreed upon for the service. A bill need not be made out in any particular form. A letter setting forth the above facts would be acceptable. However, bill forms have been devised for convenience, and in most cases it is best to use one of the accepted forms in rendering an account for services or things.

<i>Newton, Mass., Sept 18, 19—</i>					
<i>Mr. Walter Harding</i>					
<i>87 Union St., Newton</i>					
In Account with <i>Arthur Brandon</i>					
Terms: <i>Cash</i>					
		<i>Mowing lawn 4 hrs @ 40¢</i>	<i>1 60</i>		
		<i>Trimming hedge 2 hrs @ 50¢</i>	<i>1 00</i>		
		<i>Carting away leaves</i>	<i>75</i>		<i>3 35</i>

ILLUSTRATION 24. BILL FORM

Illustration 24 shows a simple form of bill which is properly ruled for the information required. You will note that in it are indicated the place where the bill was rendered, the date on which it was made, the person to whom it was rendered, and the person by whom it was rendered. The work done, the rate of pay per hour, and the total amount owed at the time the bill is rendered also are shown.

A bill is sometimes called an *invoice*. As has been seen, it is a written statement of things sold or services rendered. Usually a bill is made out by the per-

son who sells goods or renders service. It is given at the time the transaction takes place and is kept as evidence of its terms.

Terms of a Bill. — It will be noted in Illustration 25 that the *terms* also are indicated. By terms is meant the due date of the bill and any allowances which may be made for payment before that date. Often a per cent may be deducted if it is paid at once. But in the illustration the person who owes the money

Dover, Del., <u>Aug. 10,</u> 19 <u>—</u>			
M <u>rs. Dorothy Lyons</u>			
<u>410 Brooks Ave., Natick, Pa.</u>			
Bought of Dame and Dorr Co.			
Terms: <u>2/10, n/60</u>			
1	Electric fan	8 50	
1	End table	4 00	
3	Chairs @ \$2.00	6 00	
2	Rugs 3'x6' @ \$8.20	16 40	
			34 90
	Credit for chair returned		2 00
			32 90

ILLUSTRATION 25. BILL FORM SHOWING RETURNED PURCHASES

may have as much as sixty days if he wishes to wait that long before paying the bill. If he does wait that long, he must pay the full amount of the bill. If he pays it within ten days, he may deduct 2%. Discount for immediate payment is given as an inducement to the buyer to pay the amount at once and thus enable the person selling the goods to have the money to use in his business.

Economic living requires saving whenever possible. If you are offered a discount for immediate payment, you should take advantage of this way to save money if you can do so. Businessmen frequently borrow money for this purpose. Under certain circumstances individuals might do likewise. Suppose

you buy an article for \$100 and have thirty days in which to pay for it. At the end of that time you will have the money for this purchase. Suppose the seller offers you 2% discount for cash. This would be a saving of \$2. The \$98 required to pay the bill at once could be borrowed for thirty days at the rate of 6% a year. This would cost 49¢, and the saving would be \$2 minus 49¢, or \$1.51. This is not a large sum, but in economic living small savings are important.

Bill for Services. — The items for which a bill is rendered may be for services instead of goods. A doctor, for example, may render a bill "For professional services." This is customary practice, but it is not good practice from the standpoint of the patient. Economic living requires that bills shall be rendered only for services that actually have been given. It is likely that unless a mistake has been made in the doctor's office — and a mistake can be made there — he will not charge for visits which have not been made, nor will he charge for medicines which have not been given to the patient. On the other hand, the patient has a right to know for what he is paying. He has a right to know how many visits the doctor has made. He has a right to know for how much and for what medicine he is being charged. He has a right to know just what is included under the heading "For professional services."

Economic living requires that every individual, whether he be a doctor's patient, a lawyer's client, the purchaser of goods, or the borrower of money, shall know exactly for what he is paying. It may be added that a patient should make a note, when this is possible, of visits made by and to a doctor, and of medicine furnished. Here is where a memorandum book is useful. Then it will be possible to check the doctor's bill against the patient's record. In this way mistakes will be noted before payment is made. It always should be remembered, however, that mistakes may be made and that records should be carefully rechecked when differences occur.

What has been said about bills "For professional services" rendered by doctors applies equally to bills rendered by any other professional man. There is no more reason why a dentist, for example, should render a bill for professional services, rather than for definite and specific services named in the bill, than there is that one who has sold you a pair of shoes, a hat, and a coat should render a bill "For merchandise sold." A debtor has a right to know what the items are, that the prices are what he has agreed to pay, and that the total amount is what it should be.

Suppose a boy mows a lawn for a homeowner every week for two months. Some days it takes more time than it does on other days because of the length of the grass or for other reasons. It would not be proper to render a bill merely "For mowing lawn" without specifying the days on which the lawn was mowed.

TEL. MAIN 619

CHARLES R. ROSS
ATTORNEY AT LAW
CHAMBER OF COMMERCE BLDG.
ROCHESTER, N. Y.

June 14, 19—

Mr. Cary Robinson
49 State St., City

	For professional services				
	in the Rochester Ice Co.				
	case.				55 60

ILLUSTRATION 26. A FORM OF BILL THAT IS NOT ACCEPTABLE

TEL. MAIN 619

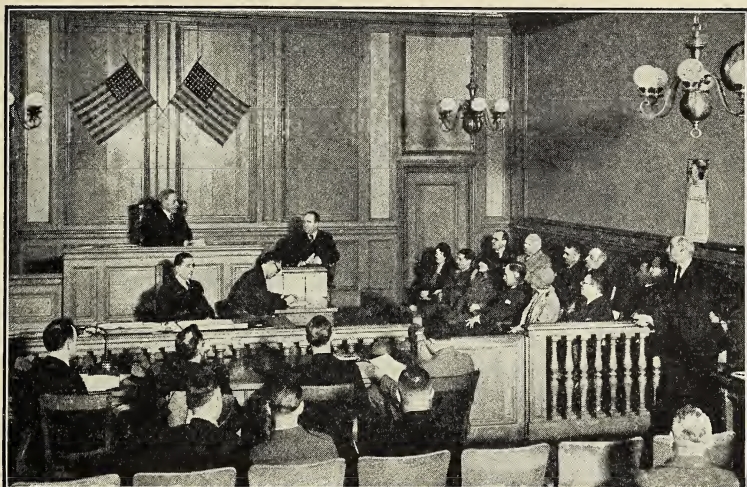
CHARLES R. ROSS
ATTORNEY AT LAW
CHAMBER OF COMMERCE BLDG.
ROCHESTER, N. Y.

June 14, 19—

Mr. Cary Robinson
49 State St., City

May	16	Serving papers	2 50		
	24	Appearance in court	10 00		
June	1	Court work	10 00		
	14	Work on case and fees	33 10		55 60

ILLUSTRATION 27. ABOVE BILL MADE ACCEPTABLE

*Ewing Galloway*

If possible, avoid controversies that end in a courtroom. Few reputations are saved, but many are lost here. Lawsuits are costly.

the amount of time consumed each day in mowing it, the rate of pay agreed upon, and the total amount due.

Bills and Economic Living. — The reason for emphasizing these matters in connection with bills is to call attention to the fact that economic living requires that every business transaction shall be thoroughly understood in advance and that it shall be concluded in accordance with this understanding. Economic waste results when more is paid than should be paid. Likewise there may be economic waste when bills are paid before they are due, unless there is a discount which can be obtained by such payment. When mistakes are made as to the prices of articles appearing in a bill, someone suffers a loss. This is contrary to economic living. Thrift requires that full value be obtained for money. It does not require, however, that more than is due shall be received in any given transaction.

Disputes resulting from misunderstanding regarding business transactions also are a cause of loss of various kinds. They are contrary to economic living. Mistakes should be prevented in every possible way. One of the surest methods of preventing mistakes, misunderstandings, and even dishonesty is to see to it that all necessary information appears in bills rendered and that nothing is left to be guessed or imagined. See that all details are clearly stated in bills rendered to you and by you. This practice is right; it will win the respect of the

people with whom you deal. You will get the reputation of being a careful business person. Very few people will attempt to take advantage of a person known to be thrifty in his business dealings. Thus, by being businesslike in all your transactions, you are quite likely to prevent trouble in connection with them.

Friendship and Bills.—It might be added that in transactions between yourself and your friends you should be unusually careful. Of course this applies only to those transactions which you regard as purely business transactions. If a friend of yours is in need of financial assistance and you give it to him without expecting repayment, there is no need for treating this favor as a business transaction. On the other hand, if a friend comes to you to borrow money and you decide to lend him money with the expectation that he will repay it, you should receive from him some evidence that the loan has been made and a promise that it will be repaid at a specified time.

Providence, R. I. <u>Apr. 3, 19—</u>			
<u>Harold E. Dubrow</u>			
<u>1938 Commonwealth Ave.</u>			
To <u>Peter Jones</u>			Dr.
Terms: <u>Cash</u>			
	<u>Cleaning automobile</u>	<u>1.00</u>	
	<u>Changing tire</u>	<u>50</u>	
	<u>Errands for week</u>	<u>1.00</u>	
	<u>Mowing lawn</u>	<u>75</u>	<u>3.25</u>
<u>Received Payment Apr. 4, 19—</u> <u>Peter Jones</u>			

ILLUSTRATION 28. A RECEIPTED BILL

If you render services to a friend and expect to be paid for them, you should be just as careful in rendering a bill for these services as you would in any other case. The reason for this is that these are business transactions and should be

treated as such. There is an added reason in the case of friends — you not only may lose the amount due you if there is a misunderstanding, but you also may lose your friend. Misunderstanding due to lack of business methods in transactions between friends is more serious than it is between strangers.

Have Bills Receipted When Paid. — Whenever a bill or invoice is paid, it should be *receipted*. The one receiving the money will indicate on the bill itself the fact that payment has been made. He usually writes a form of statement as "Received payment Jan. 15, 19—" and signs his name. Where this acknowledgment should be written is shown in Illustration 28. The word "paid," date of payment, and the signature of the one receiving payment are sufficient. Either form is correct. In fact, any form which indicates definitely that payment has been made and bears the signature of the person receiving payment is satisfactory.

HOWARD LITTLEFIELD, Pres.			RAY WHITTEN, Treas.		
LITTLEFIELD COAL COMPANY					
Brownfield, Maine					
#125754					
Sold to <u>John P. Snow</u> <u>Brownfield, Maine</u>				Date <u>Apr. 2, 19--</u> Detach and mail this stub with check. Keep remainder for reference.	
Terms: <u>2/10, n/60</u>			Amount <u>\$66.00</u>		
DATE	QUANTITY	KIND	PRICE	AMOUNT	TOTAL
¹⁹⁻ Nov 5	6000	Egg	14.00	42.00	
5	2000	Nut	15.00	15.00	
5	1 cord	Wood	9.00	9.00	66.00
LITTLEFIELD COAL CO. #125754					

ILLUSTRATION 29. A PERFORATED BILLHEAD

Perforated Billhead. — Many merchants render what is known as a perforated billhead. Such a billhead is shown in Illustration 29. The dotted line across the middle of this bill indicates the point at which it should be torn when payment is being made, especially if a check is mailed in payment. The upper

half of the bill indicates the amount paid and the name of the person who is paying the money. This half should be sent with the money or check when payment is made.

The lower half indicates the items for which payment is being made. This part may be kept as a memorandum of the transaction. When such a bill is paid, a notation should be made on the lower half, showing the amount paid and the date on which payment is made. If payment is made by check, the number of the check also should be entered. It is a good plan for the person who pays by check to indicate on the check for what it is being given. If it is in payment of an invoice, the invoice should be identified by its number or date or in some other way.

When paying a debt in person, one may insist that the perforated invoice be receipted just the same as any other invoice. Then both parts may be kept as a receipt for the money paid. The lower part alone would not be a satisfactory receipt in all cases, as it may not contain all the evidence of payment needed. In the illustration shown, the name of the person to whom the money is paid appears at the top and also just below the perforated line. Thus it will be seen that the lower half does indicate to whom the money is paid and the item for which payment is made. However, the person to whom the money is paid will not object to receipting the bill if it is paid in full.

What you need to remember is that when you are paying any bill for services rendered or goods purchased, you should be sure that your receipt contains good evidence that this particular bill is paid.

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Business papers

1. Why are business papers as important to an individual as they are to business?
2. What should one know about the use of business papers in personal transactions?
3. What has an understanding of the use of business papers to do with economic living?

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About receipts

1. What is a receipt?
2. When paying money, why should you insist on receiving a receipt?
3. Is there any particular form in which a receipt must be written? Explain.
4. What has a receipt to do with economic living?

5. List six things which should be in a good receipt.
6. Are there times when one who wishes a receipt should write it for the other person to sign? Explain.
7. Are receipts necessary in transactions between friends? Why?
8. May a person who owes a debt refuse to pay it if the one whom he owes declines to give a receipt for the payment of it?
9. Is a receipt always proof of payment? Explain as fully as you can.

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How to handle bills or invoices

1. List the items which should appear in a bill for services rendered.
2. Is any particular form required for a bill or invoice?
3. Why is it better to use the commonly accepted form instead of a letter in making out a bill for services?
4. Give a definition for a bill or invoice.
5. Who usually makes out a bill for goods sold or services rendered?
6. When is a bill usually made out?
7. What should be done with the bill received in a transaction?
8. In a bill for doctor's services we usually find this statement, "For professional services." Is this the best form of bill? What should be done about this matter?
9. Can you state a general principle in connection with the making out of bills, having in mind what you have just learned about a doctor's bill?
10. Suppose John renders a bill as follows: For mowing lawn 4 times, \$6.00. Would this form ever be right? Explain.

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Bills and economic living

Explain some of the ways in which matters discussed in connection with bills and invoices have to do with economic living. Why is it important to be very particular about the bills you give and receive? Explain what should be done with a bill as soon as it is received, even though it is not to be paid for some time. What about mistakes? How can disputes be prevented? Do those who give you bills expect you to check them to see that they are right? Is anyone likely to find fault if you point out a mistake? Discuss all of these matters briefly in your statement about bills and economic living.

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The following words, or words derived from them, have been used in the unit you have just studied. If any of them still give you trouble, look them up and add them to your vocabulary.

- | | | |
|-------------------------|------------------------|-------------------------|
| 1. <i>acknowledge</i> | 7. <i>discount</i> | 13. <i>professional</i> |
| 2. <i>billhead</i> | 8. <i>evidence</i> | 14. <i>proof</i> |
| 3. <i>circumstances</i> | 9. <i>inducement</i> | 15. <i>receiver</i> |
| 4. <i>client</i> | 10. <i>invoice</i> | 16. <i>rendered</i> |
| 5. <i>collection</i> | 11. <i>merchandise</i> | 17. <i>specify</i> |
| 6. <i>contents</i> | 12. <i>perforated</i> | |

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Make out bills for the following transactions in which you have engaged for the month of February. Rule billheads like the illustration if printed billheads are not furnished you. Cut paper to the correct size before ruling.

1. **February 1.** During the month of January you did the following things for Albert Rollins, whose address is 275 Elm St., your city or town: Took him to the train, \$.50. Shoveled snow, at \$.25 an hour, on Jan. 10, 3 hrs.; Jan. 20, 2 hrs.; and Jan. 28, $3\frac{1}{2}$ hrs. Took 3 ash barrels out of the cellar, at \$.10 a barrel, on Jan. 7, 16, 23, and 30. Mr. Rollins asks for a bill for the month's services.

2. **February 12.** During the first ten days of this month you assisted Mrs. Henry Waters, 5 Maple Ave., as follows: General cleaning, at the rate of \$.30 an hour, on Feb. 1, $3\frac{1}{4}$ hrs.; Feb. 6, 4 hrs.; and Feb. 9, $2\frac{1}{2}$ hrs. Errands with your family car on Feb. 5, \$1.50. Painting porch furniture, at \$.35 an hour, on Feb. 8, 5 hrs. Make bill for these services.

3. Assume that Mr. Rollins pays his bill on Feb. 3. Receipt it in proper form.

4. Mrs. Waters pays her bill on the 15th. Receipt it.

5. Your mother has sold Mrs. Albert Snow, 39 Main St., the following items at the prices stated and asks you to make out a bill for her: 2 dining-room chairs, \$1.50 each; 3 kitchen chairs, \$.75 each; a mattress, \$5.60; and a porch chair, \$1.25. For delivering this furniture in the family car, \$2 extra is to be paid. Make a bill.

6. During the past month you have purchased the following things for your use as treasurer of the Students' Association. As you paid for these things, you now wish to bill them to the association. Make out a bill: 1 bottle ink, \$.10; 1 doz. pencils, \$.50; $\frac{1}{2}$ doz. pads, \$.30; cashbook, \$1.50; and receipt book, \$.75.

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To earn some extra money, you take the agency for maple products and on March 5 make the following sales according to the price list given below :

George Crawford, 45 Arnett St., 10 lbs. maple sugar in cakes, 2 gals. sirup, 5 lbs. soft sugar.

Harvey Collins, 242 South Ave., 15 lbs. cake sugar, 12 lbs. soft sugar, 2 qts. sirup, 4 lbs. maple sugar hearts.

Mrs. Warren Hastings, 49 Center St., 9 lbs. cake sugar, 5 lbs. soft sugar, 2 gals. sirup, 2 lbs. maple sugar hearts.

Selling-Price List

Cake sugar, \$.35 a pound

Soft sugar, \$.50 a pound

Maple sugar hearts, \$.60 a pound

Sirup, \$1.75 a gallon

- (a) Make bills for these sales on the following terms: 2%, 5 days, 15 days net.
- (b) You get 10% commission for these sales. How much will you receive for the day's orders?
- (c) Mr. Crawford pays his bill March 10. How much does he pay? Receipt his bill, showing just how it is settled.
- (d) Mr. Collins pays his bill March 12. How much does he pay? Receipt his bill.
- (e) Mrs. Hastings pays her bill March 6. How much does she pay? Receipt her bill so as to show how it is settled.
- (f) Which of the three handles the transaction in the most economical way? Which one would you place second? Which third? Explain fully. Do not overlook any point.
- (g) How much does the man for whom you sold these products get for his merchandise?
- (h) Suppose he makes a net profit of 20% on the sugar and sirup, what did it cost him?

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Receipts

1. On April 6 you sold a football, baseball, bat, and glove to Arthur Henderson for \$2.75. On April 10 he pays you for these things. Write a proper receipt, as he forgot to bring his bill with him.

2. On April 5, 8, and 9 you worked for Robert Good, 11 hours, at \$.35 an hour. He pays you in cash on April 30 and asks for a receipt, which you will write.

UNIT 31

SIMPLE FILING METHODS

Importance of Filing Papers. — You have learned that thrift of time is important in every plan for economic living. Much time can be lost hunting for receipts, letters, and other papers. Therefore, you should be careful and systematic in filing things you will need for later use. For individuals as well as for businesses, proper filing will result in great saving of time in finding important information when it is needed. Even thrift of money may be involved in filing, since it frequently happens that financial loss results from failure to find a valuable document. For example, if you have paid a bill and received a receipt, you have evidence of payment. However, if the person to whom you have paid the bill says you have not done so and demands payment again, you may find it necessary to make second payment unless you can find your receipt. This represents loss of money as well as loss of time.

Business papers form a very necessary part of the material which people should file. But other things often should be filed where they can be found when wanted. Some people file newspaper clippings about matters in which they are interested. Magazines and other papers also should be filed for future use if they have any permanent value. Cooking recipes should be filed.

At the outset it should be said that no one kind of file is good for all filing purposes. There are several kinds, each suitable for special uses. As far as the individual has need for filing equipment and methods, such equipment will be discussed in this course.

Items to Be Filed. — Most individuals have one or more of the following papers to file: Receipts, canceled checks, insurance policies, contracts, cooking recipes, letters, legal documents, memoranda of work to be done, bills for services or things, clippings, and magazines. Even boys and girls have many papers connected with their schoolwork, associations, and clubs. These should be filed where they are accessible at all times. Nothing is more annoying than to want a certain paper or document in a hurry and not be able to find it.

Storing Not Filing. — Merely to store papers away in a box or big envelope is not filing. For a few important papers, insurance policies for example, this method of keeping them may be satisfactory. Things which merely are "put

away" often cannot be found. If a filing system is what it should be, one should be able to find material when it is wanted and without much trouble. It should be emphasized, however, that a filing system for personal use should not be complicated or expensive. Businessmen use such systems, but an individual has no need for them. Numerical filing, geographical filing, and topical filing are not likely to be of great value to the average individual, however useful they may be in business. Hence these types of filing are not discussed at any length in this course. In a later vocational filing course they should receive the attention they deserve as part of vocational training.

Partitioned Envelopes. — For keeping a few important papers, such as insurance policies, a large partitioned envelope of the type illustrated will be quite satisfactory. When such an en-

velope is used, a number of papers can be placed in it. These papers should be listed by number on the outside of the envelope. An envelope with partitions is convenient. Each separate space may be used for a certain kind of business paper. One may be used for canceled checks; one for life-insurance policies; one for a fire-insurance policy; one for a deed. An illus-

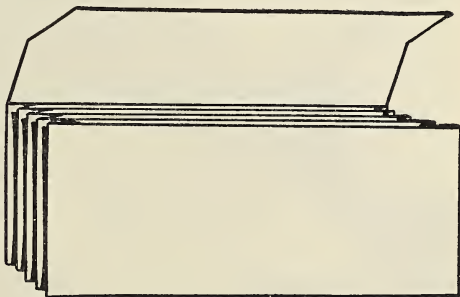


ILLUSTRATION 30. A BELLOWS FILE

tration of this kind of partitioned envelope, which is known as the *bellows file*, is shown. This kind of envelope usually has a cord to hold it shut when it is stored or being carried from place to place.

Spindle File. — This really is not a file for permanent use. It merely is a convenient device for holding papers temporarily until they can be filed. Papers are placed on the spindle in the order in which they are received. Unless the order of their receipt is known, it is not easy to find them. This device consists of a sharp wire, or nail-like projection, which will hang on the wall or stand on a shelf. Papers are impaled on this wire by merely pressing them against the point, as shown in Illustration 31.

Box File. — The box file is a good one for personal use. As the name suggests, this file is made in the shape of a box, but when standing on edge, it has the appearance of a large book. It may be opened on two sides when papers are to be filed in it or removed from it. It contains partitions or division sheets, each representing a letter of the alphabet. These sheets are called guides, because they direct you to the paper for which you are looking. If you

wish to file a bill from Packer & Company, place it behind the guide containing the letter "P." If you desire to find a letter from the World Radio Corporation, look behind the guide containing the letter "W."

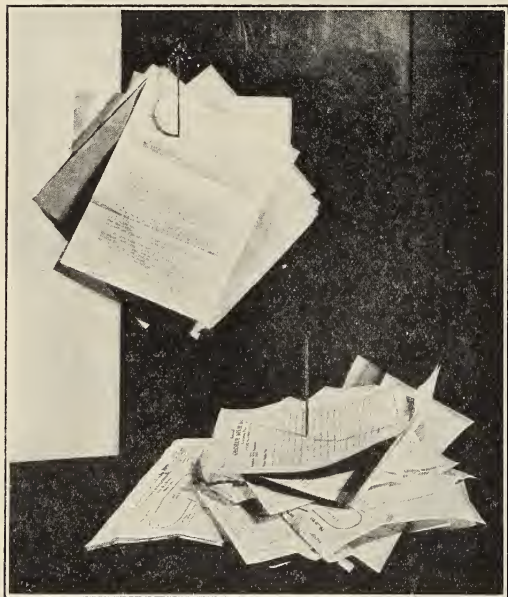


ILLUSTRATION 31. A SPINDLE FILE

living, as it is economical of time and money. This file may be sufficiently inexpensive to justify its use even as a storage file for papers no longer in active use. However, a plain box of the same style and without the alphabetical guides will serve the purpose of storage quite as well. This storage box is less expensive and more desirable for that reason.

It may be desirable to have one of these box files for household recipes, another for receipted bills and other receipts, and a

If the number of papers filed is sufficiently large, it may be necessary to have several of these box files. In this case the first box might contain papers filed under names beginning with letters from "A" to "F"; in the second box, names from "G" to "L"; and so on through the alphabet.

This type of file is quite satisfactory for a reasonably small amount of personal filing. It is inexpensive and easily handled. It requires a comparatively small space in which to store it. It may be moved about from place to place in the home. In all respects it meets the test of economic

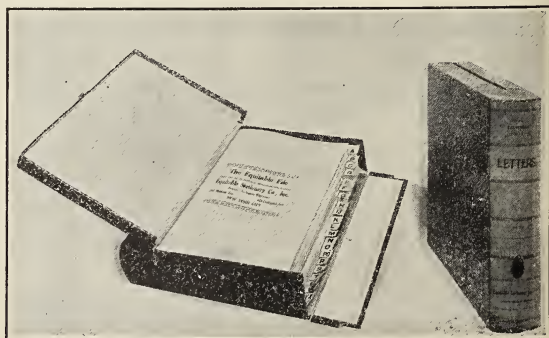


ILLUSTRATION 32. A BOX FILE

third for correspondence. In this way a considerable amount of material will become more readily accessible than it will be if all papers are filed in a single box. The amount to be filed and the nature of the papers to be filed will determine just what plan should be used.

Shannon Flat File. — This type of file consists of a flat board with two metal arches at the end. These arches may be opened and closed when putting papers in the file or when removing them. Two holes must be punched in the paper before it can be filed; thus papers of all sizes can be kept in position. When a paper in the center of the file is removed, papers on top may be turned over and still remain on the arches. If they are left in this position, it is an easy matter to refile the paper which has been removed.

Indexed guide cards projecting beyond the papers filed are provided for this kind of file. They enable one to find papers readily by reference to the alphabetical tabs which project at the right side of the file.

This kind of file has certain advantages. It is portable, inexpensive, and easy to use. It can be hung up on the wall or laid on a desk or shelf. Papers should be removed and stored in a storage box when the need for referring to them has passed.

This type of file is more useful in certain types of business than in the home. It can be used in the home, however, in place of the spindle for temporary filing.

Filing Cabinets. — Many types of filing cabinets are used in business offices. They usually are quite expensive and should not be adopted for the home unless it is demonstrated that they are very much needed.

The doctor, dentist, or other professional worker who has papers to file will find specially designed files for his use. Often these can be purchased at no great cost. They are easy to operate.

Personal Filing Cabinets. — Small metal cabinets finished to look like wood are appropriate for home and personal use. A cabinet of this type is shown in Illustration 34. This cabinet contains a drawer at the top for the storage of writing paper, envelopes, blotters, pens, and other materials used in handling personal business matters. In one section of this drawer there are guide cards for monthly checks. When checks are received from the bank, for example, they are placed in a folder with a projecting tab bearing the name of

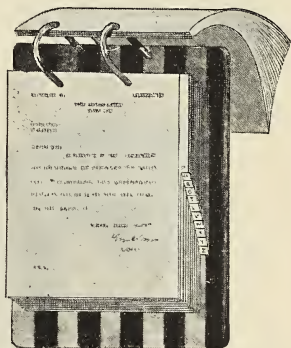


ILLUSTRATION 33. SHANNON
FLAT FILE

the month in which these checks were issued. Thus it will be easy to find a canceled check when the month in which it was issued is known. It is not very often that one needs a canceled check for any purpose. This method of filing should be quite satisfactory for personal use. After two or three years have passed, checks may be removed and stored for a further period if necessary. The space thus released may be used for more recently canceled checks. In that same drawer other papers of similar nature may be filed in folders with appropriate projecting tabs. Storage space is provided under the drawer.



General Fireproofing Co.

ILLUSTRATION 34. A CONVENIENT HOME CABINET

Below this space there is a large *vertical file* drawer. The use of this drawer will be explained in this and the next unit. At the right of this vertical file drawer there is a vertical space for papers of legal-document size (4" \times 9"). The door to this space has a secret catch and can be opened only by those who know how it works. The advantage of this secret space for fairly important papers is obvious. Remember, however, that a clever thief probably would be able to open this compartment. Therefore it is not a safe place in which to keep exceptionally valuable things a thief might steal. This space may be used for things not to be seen by members of one's household or by others who may occasionally have access to this file.

Behind this secret compartment there is another secret compartment which is somewhat smaller. Here small things may be stored without much chance of their being discovered by anyone who is not familiar with this type of personal file. The storage space, the vertical filing compartment, and the secret filing spaces are all closed by a door with a combination lock that can be opened only by those who know the combination.

Stationery can be kept in the racks on the inside of the door.

Special folders for "Automobile," "Insurance," "Receipts," "Taxes," "Clippings," and "Bills" are furnished with this cabinet for the vertical file drawer. Samples are shown in Illustration 35.

This particular cabinet is manufactured in metal construction grained in imitation of fine wood. It is fire-resisting although not entirely fireproof. It is a good-looking piece of furniture and is suitable for personal use in a home or in a professional office. There is ample space for such personal papers as the average individual has to file. The cost is less than that of several filing cabinets or devices which would be needed to give equal convenience and space.



ILLUSTRATION 36. FOUR-DRAWER CABINET

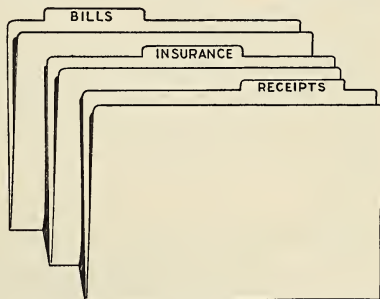


ILLUSTRATION 35. SPECIAL-FOLDER FORMS FOR THE CABINET

Four-Drawer Cabinet. — One other type of cabinet should be mentioned. In a sense it is a filing cabinet, and yet it is more definitely a *storage* or *convenience* cabinet. One is shown in Illustration 36. This is a simple cabinet with four convenient drawers. It is of mahogany finish and may be used in almost any room, as it is an attractive piece of furniture. The drawers are convenient for storing materials such as carbon paper, typewriting paper, letter paper, blotters, pens, ink, and other accessories used in one's personal business affairs. One may be interested in a club and have certain materials for use in club matters. These can be stored in one drawer. The same individual may be interested in church affairs and have materials to use for his church work. A drawer may be used for this purpose. It is quite likely that one of these cabinets will

meet the need of the average individual. A second one can be purchased if more space is needed. No more space than is required should be purchased. This is in the interest of economy.

Work Desk. — Even if an individual has only a reasonable amount of personal business affairs to attend to, he really needs a work desk of convenient size and arrangement. Drawer space in this desk is arranged to be useful for filing purposes as well as for storage purposes. The middle drawer is a shallow one, in the front of which is a place for paper clips, pens, erasers, pencil leads, and other small items of similar nature. Then there is a large space for personal record books and whatever writing materials the owner may wish to have close at hand.

The three drawers at the left are merely storage drawers such as have been described above. They may serve every need for the storage of materials. The upper drawer on the right likewise is a storage drawer. The deep, lower drawer on the right is a vertical file drawer. It has a follow-up device for keeping papers in vertical position. There may be adequate filing space in such a drawer for one's personal use.

A small card-index box or tray may be kept in one of the storage drawers. Such a piece of furniture serves not only as a desk but also as a filing cabinet. It may be adequate for personal use without adding more expensive filing equipment.

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Home filing and some simple files

1. From the standpoint of economy of time, why should certain papers and other materials be filed?
2. Make a list of things which you think should be filed in the home for future use.
3. Are papers placed on a spindle really filed? Explain.
4. A certain family makes a practice of putting papers in a box for future use. No index is used. Is this a good method to use? Explain.
5. What is the difference between storing and filing papers?
6. What is a partitioned envelope? How is it used? For what papers may it be very satisfactory?
7. Describe the box file and tell how it is used.
8. Mention several advantages of the box file over other filing systems for personal use.
9. What is done with papers which really should be kept longer but which are not likely to be needed for reference?

10. Describe the Shannon flat file and show how it differs from the box file.

11. In what ways is the Shannon file preferable to the box file, or perhaps to any other type of file for some home uses?

Filing cabinets

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1. What is meant by a filing cabinet?

2. Are filing cabinets more desirable in the office than they are in the home? Give several reasons for your answer.

3. Why is a small cabinet which will serve a number of different purposes better for home use?

4. What should be done with important papers?

5. What use can be made of the four-drawer cabinet shown in Illustration 36? Can this cabinet also be used for filing papers?

6. What kinds of business cabinets and other materials does the individual need to have for his personal business transactions?

7. What is the difference between *fire-resisting* and *fireproof*?

8. How can a desk be made to serve the purposes of a desk, a filing cabinet, and a storage cabinet? What economy would there be in using this kind of desk in the home by one who has considerable business of a personal nature to transact?

9. Examine a business desk in your school or elsewhere and tell what uses are made of the drawers in the desk you examine.

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The following words have been used in the filing unit just studied. Study them as much as is necessary to make them yours.

- | | | |
|--------------------------|-------------------------|----------------------|
| 1. <i>alphabet</i> | 10. <i>envelope</i> | 18. <i>partition</i> |
| 2. <i>canceled</i> | 11. <i>equipment</i> | 19. <i>portable</i> |
| 3. <i>clippings</i> | 12. <i>filing</i> | 20. <i>recipes</i> |
| 4. <i>combination</i> | 13. <i>geographical</i> | 21. <i>spindle</i> |
| 5. <i>comparatively</i> | 14. <i>guides</i> | 22. <i>storage</i> |
| 6. <i>compartment</i> | 15. <i>index</i> | 23. <i>storing</i> |
| 7. <i>correspondence</i> | 16. <i>methods</i> | 24. <i>suitable</i> |
| 8. <i>division</i> | 17. <i>numerical</i> | 25. <i>topical</i> |
| 9. <i>document</i> | | |

UNIT 32

VERTICAL FILING METHODS

Vertical File. — This file derives its name from the fact that papers filed stand in an upright position and therefore are readily accessible when wanted. The vertical filing drawer shown in the cabinet in Illustration 34 is ample for personal use in most cases. However, if additional filing space is needed, it is possible to buy a cabinet with one drawer, two drawers, three drawers, and

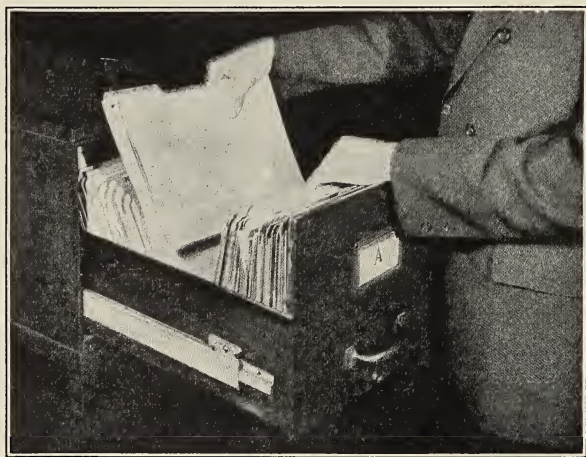


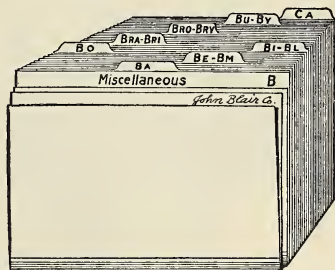
ILLUSTRATION 37. A VERTICAL FILE DRAWER

so on up to almost any reasonable number. These vertical filing drawers come in sections or units which can be purchased as needed. This unit type of file, however, is of little value to individuals for their own filing purposes. Even those who are officers of associations or clubs and have many business papers to file, usually find that a cabinet such as has been described and shown in the preceding unit is ample for their purposes.

Guide Cards. — Vertical file drawers contain heavy guide sheets with projecting tabs, on each of which is an alphabetical division. When there is a guide for each letter of the alphabet, only twenty-six are needed. This is satisfactory for ordinary use.

A paper bearing a name beginning with *B* is placed behind the guide marked "*B*," and so on through the alphabet.

It frequently is better, however, to have several subdivisions of each letter and thus make it easier to find filed material. For example, as will be seen in the illustration, there may be a guide card for "*Ba*," "*Be-Bm*," "*Bo*," "*Bra-Bri*," "*Bro-Bry*," "*Bu-By*." All papers bearing names the first two letters of which are *Ba* will be placed behind the guide with "*Ba*" on the tab. Those with names beginning with *Be* or *B* followed by any letter between *e* and *n* will be filed behind the card guide with the tab showing "*Be-Bm*." *Brayton* would be placed after the guide with "*Bra-Bri*" on it. The number of subdivisions of the alphabet varies with the amount of material to be filed. For personal use forty-eight divisions will be satisfactory in most cases. Even one who is in charge of the papers of an association or club will find that he does not need more subdivisions than this.



Section of a Vertical File.

Folders. — If many papers are likely to be filed under a single name, it is better to use a *folder* such as is shown in Illustration 37. This keeps such papers together. They can be taken out for examination without disturbing other papers merely by lifting the folder out of the file. These folders are made of heavy paper and add somewhat to the cost of filing. They should be handled with care and thus be made to serve as long as possible.

If only a few folders are needed for personal filing, one may make them for one's own use. Fold heavy paper cut to the right size in such a way as to leave about three fourths of an inch of the back sheet exposed above the front. On this exposed edge can be written the name of the person or thing under which papers are to be filed in this folder. See Illustration 35.

Unless one has fairly heavy Manila paper to fold, it is better to purchase inexpensive folders and thus save time and annoyance. Ordinarily even heavy paper folders are not easily handled, especially when a number of papers have been filed in one folder. Furthermore, such paper will not last long if it is used much.

In the filing cabinet for personal use shown in Illustration 34, it will be seen that a number of folders have been provided for special use. There are folders with tabs for "*Insurance*," "*Automobile*," "*Receipts*," "*Taxes*," "*Clippings*," and "*Bills*." Insurance papers should be put into the folder marked "*Insur-*

ance." Bills should be kept conveniently in the folder labeled with this title. Automobile-insurance policies, bills for automobile repairs, bills for gasoline and oil, and many other papers pertaining to the ownership and use of an automobile

should be filed in the folder with the "Automobile" tab. Several folders with blank tabs are furnished, so that one may add such other headings as one may need to use.

Where to File Papers. — Papers are placed after the guide card in the file. If folders are used, papers are placed in the proper folder, which is then filed after the guide card. Since the name of the folder is on its back sheet, papers will be filed in front of this name in the folder itself, although the folder will be filed behind the guide card bearing the proper letter.

When filing a paper in a folder, it is best to place it behind any other papers already in that folder. This leaves papers in chronological order ; *i.e.*, the order of the date received with the latest one at the back.

Some people, however, prefer to file each paper in front of those already in the folder on the theory that the latest papers are used more frequently. Which-ever method is used for filing papers in a folder will be used also for filing papers without special folders.

All papers should be filed with the heading, that is, the beginning of the paper, at the left side and facing the front of the drawer.

One should not overcrowd a folder or a filing section of any kind, as this tends to damage papers when they are removed or replaced. It is better when a file is full to secure an additional filing section or cabinet ; or to take out some of the older material and store it away in less expensive storage boxes until such time as it can be destroyed.

Geographical File. — It rarely happens that one needs to file papers according to *geographical* names. In business, however, this is often done. Traveling salesmen have different geographical areas to cover, and correspondence with each is kept according to geographical names of the territory covered. This

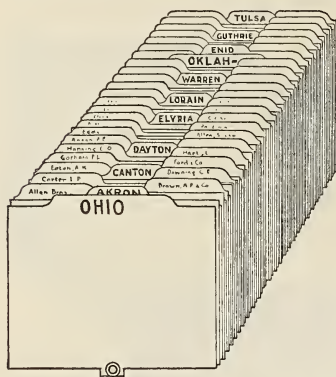


ILLUSTRATION 38. SECTION OF A GEOGRAPHICAL FILE

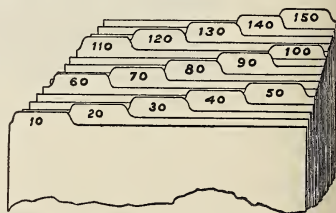


ILLUSTRATION 39. SECTION OF A NUMERICAL FILE

type of filing is not discussed here, because it is of no special importance to the average individual. Furthermore, geographical names are filed alphabetically, and discussion of that kind of filing will be sufficient for all ordinary needs.

Another much more elaborate form of filing is used only in certain types of business. It is called the *numeric system*. According to this system, each paper is given a number and filed by number instead of by name. Not every business has use for this kind of filing. Even more rarely would this system of filing be adopted for personal use.

Subject File. — The alphabetical system usually meets all personal needs. However, a simple *subject file* may be useful in the home. In this system guide cards bear the names of subjects under which it is desirable to file papers. As a paper is received, the name of the subject is noted on it, and then it is placed behind the corresponding subject in the file.

This same type of file may be used for cooking recipes. An illustration of a small box file for this purpose is shown in Illustration 41. It will be seen that different kinds of food cooked in the average home may be shown on the tabs in this file. Recipes for each kind of food can be placed behind an appropriate guide card and thus be made readily available when wanted. Recipes may be typed or written in longhand on cards of suitable size — usually 3" × 5" — for filing.

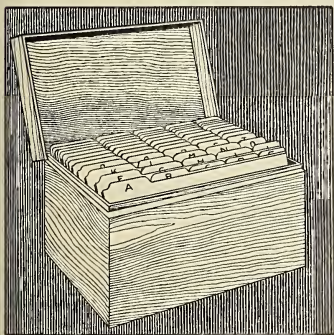


ILLUSTRATION 41. A FILE SUITABLE FOR RECIPES

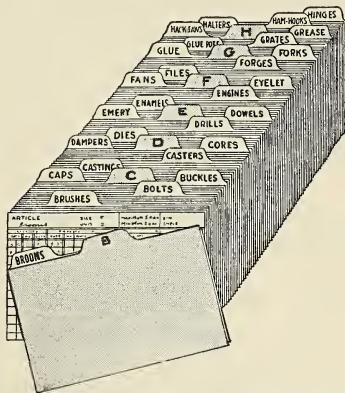


ILLUSTRATION 40. SECTION OF A SUBJECT FILE

How Long to Keep Papers. — It is difficult to say just how long papers should be kept. They should be retained as long as there is any chance that they will be needed for any purpose. Receipts for ordinary payments, for example, should be kept until the debts for

which they were given are *outlawed*. By this is meant until such time has passed as will make it impossible under the law for the persons paid to sue for or recover the amounts. In many states this period is six years. It should be

said, on the other hand, that it is not necessary to keep ordinary receipts that long. Merchants or other persons to whom money is owed for ordinary transactions will try to collect their money before the expiration of any such period of time. Usually receipts kept for two years will have served their purpose. There is no need to go to the expense of keeping large amounts of such material. Filing devices cost money. Filing materials for use with devices also cost money. Useless papers should be taken out and thrown away once every two or three years; oftener if necessary to release space.

Results of Filing. — Filing is an aid to economic living in that it tends to avoid controversy about payment of bills and other important financial matters. It saves time, because, if properly done, it enables one to find papers without trouble. It develops systematic habits of handling one's personal affairs. It saves much of the annoyance caused by misplacing papers. It assists the memory when information is required about some remote transaction.

It must be urged, however, that no filing system for personal use should become a burden. It should not be so elaborate as to require the expenditure of much time and money. Many simple systems are to be had for personal use and at reasonably small cost. These systems are easily operated and serve every useful purpose for the average person. It cannot be emphasized too strongly that individuals should not adopt complicated *business filing systems* and *methods* for their *personal* papers. Not infrequently such systems are difficult to handle. A too elaborate system of filing is quite as bad as no system at all.

Alphabetizing. — Letters must be indexed before they are filed; that is, their names must be alphabetized so that they may be arranged alphabetically in accordance with a standard set of rules for indexing and filing.

A letter from the American Express Company can easily be filed or found in the "A" folder behind guide "A"; but when a letter is received from the Benjamin Franklin Hotel, one might be doubtful as to whether it should be filed behind guide "B," guide "F," or guide "H." On one occasion the file clerk might file it behind guide "F," while another letter received a few weeks later might be placed behind guide "B." A copy of a letter which we wrote to this hotel might be placed behind guide "H." Thus the correspondence would be in three different places in the file drawer. This would be an inefficient method of filing, because *all the correspondence to, from, or about any company or individual should be filed in one place.* The necessity for definite rules is thus quite evident.

The rules for indexing are standard for practically every office, but they may be varied in specific cases to suit the special needs of a business. Once changed, however, the same rules must be followed throughout the filing system of that

office. City and telephone directories vary their arrangement of names from the standard business filing rules.

Since filing is based on the alphabetic arrangement of names or titles, correct spelling is of great importance, for a misspelled name will be filed incorrectly.

Names or titles are indexed alphabetically according to the separate words, or units, of which they are composed. Once a name has been arranged in correct indexing order, it is filed alphabetically by considering the first word. If there is no doubt as to the alphabetic arrangement of this first word, the succeeding words of the title need not be considered.

Rule 1. Names of individuals should be transposed, considering the surname first, then the given name, then the middle initial or name. Example:

William T. Klose	Klose, William T.
George A. Manning	Manning, George A.

Rule 2. Arrange all names or titles in "A" to "Z" sequence of letters to the last letter of the word. Consider each unit of the name separately. Example:

Bond	Bonesteel	Bonner
Bone	Bonn	Bonsal
		Bonsall

Rule 3. A single surname, when used alone, precedes the same surname which has a given name or initial. Example:

Sherwood	Sherwood, Edwin
Sherwood, C.	Sherwood, Randolph A.

Rule 4. An initial precedes a name beginning with that same initial. Example:

White, J. D.	White, James
White, J. Darlington	White, John
	White, John D.

Rule 5. Titles are placed in parentheses after the given name or initials and are disregarded in filing. Example:

Mrs. R. L. Austin	Austin, R. L. (Mrs.)
Captain William Carson	Carson, William (Captain)
Dr. Harry Fine	Fine, Harry (Dr.)
Prof. P. S. Miller	Miller, P. S. (Prof.)
Victor J. Wilkes	Wilkes, Victor J. (Banker)

Rule 6. Names beginning with such prefixes as "D'," "de," "Du," "Le," "O'," "Van," etc., are considered as one word. Example:

<i>Written</i>	<i>Filed as if Written</i>
D'Alessandro	Dalessandro
de Haven	Dehaven
DuBussy	Dubussy
LeFavre	Lefavre
O'Neill	Oneill
Van den Berg	Vandenberg

Rule 7. Names beginning with "Mac" and "Mc" are filed in strict alphabetic order. Example:

M K Tailoring Co.	Majestic Hosiery Co.
Mabrey, George	McCall, H. J.
MacAllister, Andrew	McFarland, Elizabeth
Machinery & Metals Corp.	Media Drug Co.
Mader, Frank	

Rule 8. "For," "of," "and," "&," etc., are disregarded in filing but are not omitted in writing titles. Example:

<i>Written</i>	<i>Filed as though Written</i>
Home for the Aged	Home Aged
House of Stoecker	House Stoecker
Rowland & Malony	Rowland Malony

Rule 9. "Ltd.," "Inc.," "Co.," "Son," and "Bros." are considered both in indexing and filing. Example:

Crane, Charles T.	King Automobile Co.
Crane, Ltd.	King Brothers
Hamilton Brown Shoe Co.	King Co.
Hamilton, Inc.	King & Son

Rule 10. Names of firms, corporations, and institutions should be indexed as written, except where full names of individuals form part of the firm's name. (See Rule 11.) Example:

Atchison, Topeka & Santa Fe Railway
 Books, Weakley & Co.
 Drexel Realty Corporation
 Gross, Evans Company
 Home for Incurables
 Near East Relief Association
 Williams & Davies

Rule 11. Where the full name of an individual forms part of the firm's name, Rule 1 is followed; that is, the name of the individual is transposed. These names may be cross-indexed, if necessary. Example:

George Bevan Steel Co.	Bevan, George, Steel Co.
Benjamin Franklin Hotel	Franklin, Benjamin, Hotel
Earl H. Gardner & Co.	Gardner, Earl H., & Co.
Martha Washington Candy Co.	Washington, Martha, Candy Co.

Note: To cross-index a letter from George Bevan Steel Company, the letter will be filed behind the "B" guide in the "B" folder, but a cross-index sheet will be made out reading:

George Bevan Steel Co.

See:

Bevan, George, Steel Co.

This cross-index sheet will be filed behind the "G" guide and in the "G" folder.

Rule 12. The word "the" is disregarded in filing, but is not omitted when writing the title.

a. If "the" occurs at the beginning of a title, it is put in parentheses at the end. Example:

The Ward Shoe Co.	Ward Shoe Co. (The)
-------------------	---------------------

b. If "the" occurs in the middle of a firm name, it is placed in parentheses, but remains where it occurs. Example:

Penn, The Florist	Penn (The) Florist
-------------------	--------------------

c. In all other cases, "the" is written where it occurs in the title and is not placed in parentheses. Example:

Home for the Aged
Church of the Epiphany

Rule 13. All abbreviations are treated as though they were spelled in full. Example:

B. & L. Assn.	Building & Loan Association
Co.	Company
Edw.	Edward
R. R.	Railroad
Ry.	Railway
St.	Saint or Street

Rule 14. A numeral at the beginning of a title is indexed as though it were spelled out in full. It is considered as one word in filing. Example:

8th Street Garage	Eighth Street Garage
44th Ward Association	Forty-fourth Ward Association
2nd Avenue Warehouse	Second Avenue Warehouse
69th Street Theatre	Sixty-ninth Street Theatre

Rule 15. When a title contains "apostrophe s" ("s"), the "s" is not considered in filing. Example :

Pursel, C. E.
Pursel's Haberdashery Shop
Pursel, S. H.

Rule 16. "S apostrophe" ("s'") is considered in filing. Example :

Martin, D. E.
Martindale Electric Co.
Martinelli, Marco
Martins' Bakery
Martins' Garage

Rule 17. Compound geographic names are indexed and filed as separate words. Example :

New Hampshire
New York
Newcomb
Newman

Rule 18. If the surname of an individual is hyphenated, it is indexed and filed as one word. Example :

<i>Written</i>	<i>Filed as if Written</i>
Kingsford-Smith, Charles	Kingsfordsmith, Charles

Rule 19. If a firm name is hyphenated, each part of the hyphenated name is considered a separate word. (See Rules 1, 11, 18.)

<i>Written</i>	<i>Filed as if Written</i>
Baker-Vawter Co.	Baker Vawter Company
Bilt-Rite Upholstering Co.	Bilt Rite Upholstering Company
Link-Belt Co.	Link Belt Company

Rule 20. When indexing the name of a bank, consider first the name of the city, and second the name of the bank. Place the name of the state in parentheses at the end. Example :

City National Bank, Akron, Ohio	Akron : City National Bank (Ohio)
First National Bank of Atlanta, Ga.	Atlanta : First National Bank (Ga.)
Third National Bank, Boston, Mass.	Boston : Third National Bank (Mass.)
Integrity Trust Company, Phila., Pa.	Philadelphia : Integrity Trust Co. (Pa.)

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Vertical files

1. What is a vertical file? Why is it called by this name?
2. What is the advantage of sectional files, that is, sections with one drawer, two drawers, three drawers, and so on up to as many as are required?
3. Does the average individual have use for a sectional filing cabinet? Explain.
4. What is meant by the unit type of file? In other words, what makes up a unit in a filing system?

Guides

5. What is a *guide card* or *sheet*?
6. How are guide cards or sheets used, and why are they convenient in filing?
7. How many guide cards or sheets are used in the simplest alphabetical filing system?
8. Why is it frequently better to have more guide cards or sheets even for personal filing?
9. How many alphabetical subdivisions for guide cards or sheets usually meet all requirements for personal filing?

206

Folders

1. What is meant by a folder in vertical filing?
2. How are these special folders used? In what way do they save time?
3. Why should folders be handled with care from an economic point of view?
4. When a few folders are needed for personal use, how can they be made without much expense?
5. From an economic point of view, would ordinary paper be desirable for these homemade folders? Explain.
6. What is meant by the tab on a guide card or folder? How is it used?
7. When will it be convenient to use folders with blank tabs?
8. Make a list of topics for which the average home might need special folders to keep papers of like nature together.

207

How to file

1. Are papers ordinarily filed before or after the guide card?
2. How are papers filed in a folder when folders are used?
3. Where is the folder placed in the file?

4. What is the advantage of placing papers behind other papers in the folder instead of in front of these papers?

5. Is there any advantage in filing the other way; with new papers at the front instead of at the back?

6. Where should the tops of papers be filed in a folder — at the left, or at the right?

7. Name some bad results of overcrowding a folder or a filing section of any kind.

8. What should be done with papers when a file becomes filled?

208

Special filing methods

1. Explain what is meant by *geographical* filing.

2. Is it different from alphabetical filing?

3. Should one who knows how to file alphabetically have any difficulty with geographical filing?

4. Is there any particular use for this system in personal filing? In other words, do the homemaker and the average individual have to keep their papers according to names of places?

5. Explain what is meant by the *numeric* system.

6. Is this system used extensively in business?

7. Is it used at all for personal filing?

8. What is meant by *subject* filing?

9. How is subject filing like ordinary alphabetical filing?

10. Name some things in the home which might be filed according to a subject filing method.

209

How long to keep papers

1. How long should filed papers be kept?

2. Should all papers be retained the same length of time?

3. How long should receipts for payments of money be kept?

4. If a filing system becomes crowded because papers are retained too long, what can be done to release space in the files?

5. Do you think it would be desirable to keep ordinary grocery bills, meat bills, electric-light bills, gas bills, and other household bills more than a year or two? Explain.

6. May it be possible that the cost of retaining certain papers a long time on the chance that they may be needed will be greater than any loss that could result through inability to find these papers in case of need?

210

Filing and economic living

Make a list of several ways in which the filing of papers tends to promote economic living. From the standpoint of this course, if it does not help us in handling our economic affairs, should we go to the trouble and expense of purchasing filing equipment and using it? Why?

In your consideration of this matter remember what was said about a too elaborate system of filing. Is this quite as bad as no system at all? Should a filing system be a burden financially or from the standpoint of time? Explain why.

211

A filing problem

Assume that your mother has asked you to make suggestions for filing cooking recipes. In thinking about this matter keep in mind the following questions:

1. What kind of filing cabinet is needed?
2. What sized card will be desirable?
3. How many subdivisions of the guide card will be needed?
4. What main divisions of cooking recipes will be helpful?

212

The following list of words should be given such attention as they require to insure that you can use them readily and accurately.

- | | | |
|-------------------------|-----------------------|-------------------------|
| 1. <i>alphabetical</i> | 7. <i>derives</i> | 13. <i>recipe</i> |
| 2. <i>annoyance</i> | 8. <i>folder</i> | 14. <i>subdivisions</i> |
| 3. <i>cabinet</i> | 9. <i>guide</i> | 15. <i>territory</i> |
| 4. <i>chronological</i> | 10. <i>numeric</i> | 16. <i>upright</i> |
| 5. <i>collect</i> | 11. <i>outlaw</i> | 17. <i>vertical</i> |
| 6. <i>controversy</i> | 12. <i>projecting</i> | |

213

1. A desk with adequate equipment and space for all filing that Henry Jones needs to do costs \$40. A desk with no filing equipment or space costs \$28. A two-drawer vertical filing section costs \$12. A small cabinet with two storage drawers is priced at \$6. Folders and guides cost alike for both equipment types.

- (a) Which is the less expensive outfit — the fully equipped desk, or the desk without filing and storage space and the additional cabinets? How much?
- (b) What per cent less does the cheaper equipment cost?
- (c) What other saving will there be in using the cheaper equipment?

2. George Harmon buys the following filing equipment for his personal use: Two-drawer vertical section with top and bottom sections, \$18; four-drawer storage cabinet, \$11.50; a fire-resisting cabinet for valuable papers, \$9; and two sets of guides, one for each vertical section drawer, \$4.80.

- (a) How much does his equipment cost?
- (b) At the end of two years only one vertical drawer is in use, as he never has had papers enough to need a second drawer. What per cent of his original expenditure was unnecessary if a single-drawer vertical section with top and base would have cost only two thirds as much as a two-drawer section?
- (c) Suppose Mr. Harmon has filled one vertical drawer and just started to use the second drawer at the end of two years. Does this prove that he needs a two-drawer section? Explain.
- (d) Suppose he had purchased a one-drawer vertical section at \$12 and a transfer box at \$1.50; what would his saving have been? What per cent?

Practice No. 1

214

Copy the following names on small slips of paper cut from larger sheets. Next arrange these slips alphabetically according to the rules for filing which you have studied.

FILING LIST

Canada Steamship Lines	B. T. Babbitt, Inc.
Mrs. Doris Weeks Babson	Beatrice L. Casazza
Ashmont Battery Service	Electric Carpet Cleaning Co.
Exeter School of Art	Central Sand and Gravel Co.
Qua Service Bureau	S. and H. Radio Service
Mrs. John O'Brien	Michael DeBenedictis
E V F A Storage Warehouse	City of Quincy
George H. Quincy	S and F Blacking Company
Lillian Norwood	John Constance Vanity Shop
S and K Boston Company	W. T. Faunce and Son
Josephine MacNeil	Arthur Realty Mortgage Plan
Clair's Repair Shop	College Club
Collegiate Society	Henry Gardner
Arthur F. O'Brien	S and F Industries, Inc.
L'Esperance Confectionery	Lewis W. Chamberlain
S. H. Chemical Company	The Atwell Co.

- George L. O'Brien
Mae Facktoroff
Morris Asinof and Sons
Margaret E. Faunce
E-K Medical Gas Laboratories, Inc.
C. De Benedictis
Dr. Guy W. Beddeow
Gardner and Heath
C. I. O'Brien
At-Your-Door Service
Mrs. Catherine E. O'Brien
J. D. Arthur
J. B. Blood Co.
Society of Arts and Crafts
Associated Merchants and Manufacturers of New England
A. Alice Walden
The Artisans
Rev. Chandler E. Garfield
Roderick L. Atwood
Eugene LaVoie
Arthur's Auto Repair Service
O'Brien Bros. Express Co.
Newton Chamber of Commerce
North Terminal Toolmaking Shop
John O'Brien
Andrew McArthur
Law and Ingham
Rev. Vaughn Dabney
The Creditors Association
G. Horton Cummings
G. H. Cummings
Eyre and Co.
N. Y., Ontario and Western Railway Co.
T. C. Ashley and Company
C. J. Craig
J. Barker
James V. Graham
Everlastic, Inc.
- Baby Carriages Mfg. Agents
S O S Service
H. F. Askenasy
E and C Trucking Co.
Paul D'Angelo
Albert W. Le Noir
Lena M. D'Alelio
Louise R. Atwood
F. J. Le Noir
Mrs. Edwin F. Atkins
Jasper MacKenzie
John E. Macneil
Adrian H. Lesperance
B and F Auto Service Station
The First National Bank of Boston
George G. O'Brien
Charles W. Garey
Blanche Lavoie
Henry McArt
The Misses Arthur
S E M Co.
Jeannette G. MacKenzie
William H. Nitz
The Q P Signal Co.
S F and Sons, Inc.
Mrs. M. E. Crawford
D and C Auto Radiator Co.
P. D'Agostine and Co.
Abraham Factaroff
Allan C. Walker
Norwood Laundry
Daniel Dacey, Jr.
Eileen M. Wall
Fac-Simile Letter Company
Montrose Advertising Agency
Abingdon Drapery Co.
Mrs. William H. Hamilton
Jackson Dailey
Joseph A. Healey

Practice No. 2

215

Insert the names in the left-hand column in their proper places in the right-hand column. If the workbook is not used, copy the right-hand list on a sheet of paper, leaving space between each name and the next, then insert the names from the left-hand list in their proper alphabetical order.

Duncan W. MacDonald
 Alex. MacDonald
 M. & S. Cleansing Shop
 Anthony Macaluso
 Donald H. MacDonald
 Cassie MacBride
 Georgia Macadam
 C. P. MacIver
 Roderick MacGinnis
 Daniel MacLeod
 C. R. Manley
 Jeremiah Mahoney
 Madame Ruth Shoppe
 H. J. Maier
 C. W. McCaul
 Elizabeth McCarthy
 Vernon Mattson
 Massachusetts Commonwealth
 Danny Massilli
 Arthur D. Marten

H. W. Marshall & Co.
 Matthews Conveyor Co.
 E. A. Mabey
 A. R. MacAdams
 F. A. MacCallum
 Wm. A. Macdonald
 Fred MacDougall
 Chester F. MacDowell
 Maybelle Shoppe
 G. E. May
 Charles F. McIsaac
 Albert L. Moore
 Middlesex & Boston Co.
 Mercer & Senior
 Mrs. Alice Mifflin
 Moore & Moore
 Charles Mitchell
 Modern Repair Shop
 Mathew Messier
 Metropolitan Ins. Co.

UNIT 33

SOURCES OF VALUABLE INFORMATION

Importance of Business Reference Books. — Often one needs certain information about people, or businesses, or the location of some building, or the place where something may be purchased, or where certain services may be obtained. It is important to know where to find this information. Familiarity with sources of such information will save much time, and this is important in economic living. Information about business matters also may save money in business transactions. To handle one's economic affairs most satisfactorily one should have some understanding of the kinds of information needed and the sources from which it can be obtained. In this unit of work a number of the more important directories of information are discussed briefly. However, it is not possible to include all that can be found in every community. Each individual must find out for himself whether or not the directories mentioned are within his reach; also whether or not there are others that may be of equal importance in the community where he lives. It always is a satisfaction to be able to find desired information without too much trouble and without inconvenience to other people.

Telephone Directory. — This book is furnished by the telephone company to every subscriber. It is familiar to any person who has a telephone in his home. This directory gives the telephone numbers of all the people who use telephones in the territory served by the local telephone office. In large centers of population, like Boston and New York, one may receive two or more directories, since the number of telephones in such centers may be too large for one book. Furthermore, a small directory is more convenient to use. In Boston, for example, the main telephone directory contains all the telephone names and numbers in the metropolitan district served from the central office. An additional and much smaller book is furnished to subscribers who live in the suburbs composing metropolitan Boston. Newton, which is a part of the Boston district, has a telephone book of its own. This smaller book contains the numbers of telephones reached from the Newton Telephone Exchange.

A telephone directory is more than a list of telephone numbers. It is a directory of valuable business information and should be consulted for many facts other than telephone numbers.

Classified Business Directory. — In very large cities an additional directory contains advertisements and telephone numbers of business and professional people. The many kinds of businesses represented are arranged alphabetically. In most cities this business information is published in the main directory, usually in a different color for easy reference.

If one wants to know where lumber can be bought, one may find out by looking up "Lumber" in this directory. Under "Laundries" are listed all

laundries having telephones in the district covered. Under "Garages" will be found the locations of the garages in the territory served. Almost every important kind of business is represented in this directory.

If a person wishes to telephone a carpenter, for example, but does not know the name of one, he may consult this directory and find the one nearest to his home. A radio repairman, painter, or plumber may be found in the same way.

It sometimes happens that we remember a man's business but forget his name. By consulting this classified list of businesses we may find his name or the name of his firm and recognize it as the one we want. We may know that there is an automobile supply store at a certain

Olive Oil Business.

Accardi Antonio & Co 292 North...CAP itol-0056
Armenis Geo Co 248 North...CAP itol-2799
Delapenha R U & Co Inc 148 State...CAP itol-8663
Gandolfo Jack 155 Salem...LAF ayt-3105
Imprescia Sebastiano Direct Importer
Pure Olive Oil 22 Pitts...CAP itol-8142
Losero Joseph & Co 61 Carver...HAN cock-2354
PASTENE P & CO INC 69 Fulton...LAF ayt-6262
Standard Products Co 102 Coml...CAP itol-8722

Olives

Imprescia Sebastiano Direct Importer
& Packer Spanish Olives We Are
Experts In Selecting The Better
Type Of Olives
22 Pitts...CAP itol-8142
Mawer-Gulden-Annis Inc
178 Atlantic av.CAP itol-6178

Opera Glasses

MONTGOMERY FROST CO
496 Boylston
Connecting all departments... } KEN more-1537
Branch 40 Bromfield.....
Branch 101 Mass av.....
Branch 590 Beacon.....

Optical Goods Business.

Am Optical Co gen ofc 110 Tremont.LIB erty-7850
101 TremontLIB erty-8979
419 BoylstonKEN more-3314

Section from a Classified Telephone Directory.

location, but we do not know the exact name of the firm. To call them on the telephone we must first know the name. By consulting the classified list of telephone users who sell automobile supplies we find the name of the firm at the location we have in mind and proceed to call the telephone number shown. Everyone should become thoroughly familiar with the *Classified Telephone Directory*, so that he may be able to use it intelligently. Many people overlook this important directory and fail to take advantage of the service it renders.

Information about Telephone Service. — In the front part of the telephone directory there usually is important information regarding telephone service. Here telephone users are told how to obtain assistance in completing a toll call; how to get numbers not listed in the directory; how to put in a call for repairs; how to apply for telephone service; how to have a telephone moved to a new location; when bills may be paid; and many other things of importance.

It is especially essential to know how to make emergency calls. These include calls for the police department, the fire department, and ambulances. The directory tells how to make such calls.

The directory contains instructions for making local and long-distance calls. Rates for different services are shown. Much trouble can be saved by remembering that many questions about service are answered in the front part of the directory even more satisfactorily than they might be answered by a clerk at the telephone office. This section of the directory should be consulted before calling the telephone office for information or visiting the office in person. Each person should know his telephone directory. It will save him much inconvenience and help him to get the most out of the telephone service for which he pays.

City Directory. — In most cities there is a city directory in which appear the names, occupations, and addresses of nearly all residents over eighteen years of age. This directory is revised frequently, often annually, and is the best local source of information regarding the people in any such community.

City directories often are divided into several parts. One section contains information about such matters as city government, streets, hospitals, city buildings, newspapers, schools, etc. Another section includes the names of all people in the city over a certain age. A third section is a business directory that is much like the telephone directory.

Usually a city directory contains a city map. A city map may be obtained separately in most city stationery stores. It is very convenient for use by those who wish information about the location of streets of a city. Ward boundaries and voting precincts also are indicated. Voters should have this important information.

Financial Reports. — Directories already referred to show us where business firms are located. It is often necessary to determine the financial standing of people with whom we deal. To meet this need for financial information, financial reports in which appear the names of business concerns throughout the country are printed regularly. The most widely used report of this kind is known as *Dun and Bradstreet's*.

Financial information about business people is collected by a staff of agents employed by Dun and Bradstreet, Incorporated. Information about each firm or individual is studied carefully. Then a *rating* is given to each one. The rating plan used is understood by those who subscribe for these reports. If Henry Smith & Company of Cleveland, Ohio, orders \$1,000 worth of goods of the Wilson Company of New York, to be paid for at some future time, the Wilson Company will want to know the financial standing of Henry Smith & Company

before shipping the goods. By consulting Dun and Bradstreet's reports, this information may be secured. If the rating is satisfactory, the goods are shipped; if it is not satisfactory, Henry Smith & Company is asked to pay cash or to assure the Wilson Company in some way that payment of the debt will be made when it is due.

The information contained in this kind of report is not open to everyone, as is the case with telephone and city directories. Businessmen pay a fee for this service. In addition to regular reports they may receive special reports about business conditions and changes in financial standing of business firms. A special report on any firm may be obtained at any time under certain conditions. All such reports are confidential and should be treated as such by those who subscribe for them. This particular directory is not of great importance for individual or personal use. On the other hand, one should know that it exists.

Personal Financial Reports. — Other organizations make a business of gathering information about people for its subscribers very much as does Dun and Bradstreet. Retail stores, insurance companies, and others who wish to know more about the financial standing of people who do business with them are subscribers to this service. For example, an insurance agent takes an application for a large insurance policy. The insurance company wants information concerning the financial standing of this individual. Is his income sufficient to pay for such a large amount of insurance? Is he likely to pay his premiums? Is there any possibility that he has a wrong motive in taking out this much insurance? The insurance company asks a credit company for a report on this applicant for insurance. Upon receipt of this report the company will decide whether or not it wishes to issue the policy.

An important thing about this type of service is that as a rule no person knows that he is being investigated. Therefore every individual who is jealous of his financial standing and reputation for honesty should conduct his business and personal affairs in such a way as to make it impossible for any such investigating company to find anything against him. This is an exceptionally valuable service, and people who are entitled to credit probably will get it, while those who are not entitled to it will not get it. It is quite as important to see that those who are entitled to credit get what they need as it is to see that those who are not entitled to credit do not receive that for which they ask. A good credit rating is a great aid to economic living.

Census Reports. — State and federal census reports are invaluable as sources of information about many matters. Such reports are published periodically. Usually states take a census for certain years in which a federal census is not

taken. For example, federal censuses were taken in 1910, 1920, 1930. Census reports were issued by many states in 1905, 1915, 1925.

The population of villages, cities, and states is shown in these reports; also the numbers employed in different occupations. The number of males and the number of females are shown. The value of manufactures and products of other industries is given. Fairly complete information about the entire population and its commercial and industrial activities can be found in census reports.

It is not desirable for individuals to subscribe for these reports, because they are expensive. Such reports, however, will be found in most public libraries and should be consulted for information which they contain. Census reports are a public service which is paid for by tax money. Those who make this service possible should use it.

World Almanac. — There probably is no other single volume selling at anywhere near the same price, in which so much valuable information may be found as is contained in the almanacs published by large newspaper organizations. Everyone should become familiar with this type of book. *The World Almanac*, published by the *New York World-Telegram*, is the best-known one. A copy should be in every school. Ask your teacher to tell you where you can see a copy and become familiar with it. By studying the table of contents you will learn what information can be found in this book.

There are several other similar books published by newspaper-publishing companies in large cities. The *Chicago Daily News*, *Philadelphia Bulletin*, and *Brooklyn Eagle* publish these helpful books.

Who's Who in America. — It often happens that one wants information about prominent men — their parents, education, official connections, political party membership, church membership, home address, business address, etc. All of this information regarding thousands of people has been gathered together and printed in a book called *Who's Who in America*. This book is revised and reprinted every two years. Many libraries have it, and people may subscribe for it. It should be consulted for information needed about men and women who have been and are prominent socially, professionally, commercially, and politically. Not all such people will be found in this directory. However, it is the best book to consult when information is wanted regarding prominent people in the United States. Some of the people whose names appear in this book are listed because of important government offices which they hold; others are included because of important contributions which they have made to science, or to education, or to business management, or to some other important activity.

A statement about Henry Ford as it appears in *Who's Who in America* is shown on page 310. This indicates the type of information this book contains.

Recently several other books giving similar information have been published. There is, for example, *Who's Who among North American Authors*. This includes information about those who have written books. Another known as

FORD

M. Patterson), 1910; (following 1919-21) The Argyle Case, The Dummy, Polygamy, The Dickey Bird, Mr. Laasur, On the Hiring Line, When a Feller Needs a Friend, Old P.Q., Orphan Aggie, Main Street (with Harvey O'Higgins); The Land of the Free (with Fannie Hurst), 1919; In the Next Room (with Mrs. August Belmont), 1924, and Christopher Rand, 1929; etc. *Home*: 1328 University Av., New York, N.Y.

FORD, Henry, automobile mfr.; b. Greenfield, Mich., July 30, 1863; a. William and Mary (Litogot) F.; ed. dist. sch., Greenfield, Mich.; D. Eng., U. of Mich., 1896; m. Clara J. Bryant, Apr. 11, 1888; 1 son, Edsel Bryant. Learned machinist's trade; in Detroit since 1887; was chief engineer Edison Illuminating Co.; organizer, 1903, and pres. Ford Motor Co. (largest mfr. of automobiles in the world, employing over 100,000 persons). Announced, 1914, plan of profit-sharing involving distribution of ten to thirty millions of dollars annually to employees. Member Society Automotive Engrs., Detroit Board of Commerce. Clubs: Detroit, Detroit Athletic Country, Bloomfield Hills Country, Detroit Golf, Detroit Boat, Detroit Yacht, Automobile of America. Chartered ship, and at own expense conducted party to Europe, leaving New York, Dec. 4, 1915, with object of organizing a conf. of peace advocates to influence belligerent govts. to end the war; returned home after reaching Christiania, Norway, but members of the party proceeded to Stockholm, Sweden, and Copenhagen, Denmark, and through Germany to The Hague. Built Henry Ford Hosp. at cost of \$7,500,000. Appnt. by Pres. Wilson mem. War Empire Bd., July 13, 1918; Dem. candidate for U.S. Senate against Truman H. Newberry, 1918. *Author*: My Life and Work, 1925; Today and Tomorrow, 1926; Moving Forward, 1931. *Home*: Dearborn, Mich.

FORD, Henry Clinton, educator; b. Charlotte Co., Va., Dec. 12, 1867; a. Luther Rice and Pernetta (Smith) F.; student Va. Poly. Inst., Blacksburg, 1884-85; B.S., Va. Mil. Inst., Lexington, 1889; Ph.D., U. of Va., 1899; m. Agnes Palmer, Jan. 10, 1900 (died Sept. 9, 1902); children—Thomas Lewis (dec.), Mary Lewis; m. 2d, Elizabeth Walker, July 12, 1906; children—Virginia Easton, Henry Clinton, Medora Beall. *Instr.* in French, English and tactics. Va. Mil. Inst. —1898-99; comd.

(ago); Transportation *Home*: 5456 Cornell Av Chicago, Ill.

FORD, Jeremiah prof.; b. Cambridge, Mass Mary Agnes (Collins) A.M., 1895, Ph.D., 1897, and Grad. Sch.; élève Eco Paris, 1897-98, student E and Collège de France; of Toulouse, 1922; D Ireland, 1932; m. Anne bridge, Jan. 1, 1902; Robert, Elizabeth Fra Wood), Richard. *Instr* later Harris fellow sam again instr. French, 188 1900-02, asst. prof., 194 Spanish langa. since Radcliffe Coll. Chmn vard, since 1911. Chic Coll. Entrance Exam Spanish lit., Lowell In vard, to U. of Paris ar dir., Am. Univ. Unio hdqrs. Paris, 1925-26; Spanish universities, 1 on Hispano-Am. Stud. hum. Fellow Am. Ac 1931-33), Medieval mem. Modern Lang. 1927-28), Am. Assn. U. Dante Soc. (pres. since Italian Hist. Soc. of a Council Learned Soc., de linguistique (Paris (Paris), Hispanic Soc. Spanish Acad. (Mad. Lettres (Barcelona), (Cathoñs (Spain); Office Officer Order of Crown of Cultural Merit (R (pres. 1933), Faculty ton); Club de la Renañ olic. *Author*: The Old Harvard Studies and Spanish Composition, 1904; First Spanish

Who's Who in American Education contains information about prominent people in educational work. Another tells about executives who are prominent in management. It is called *Who's Who among Executives*. Most libraries will have these directories of personal information.

Dictionary.—It is assumed that you have learned how to use the dictionary in your English work. However, it may be useful to list here some of the things found in a dictionary such as should be on everyone's desk. A very large and expensive dictionary is unnecessary for the average person. It also should be emphasized that a large dictionary which cannot be kept on your desk is not likely to be used as frequently as is one of more convenient size for easy reference. Hence, in the interest of economy of time and

A section from *Who's Who in America*.

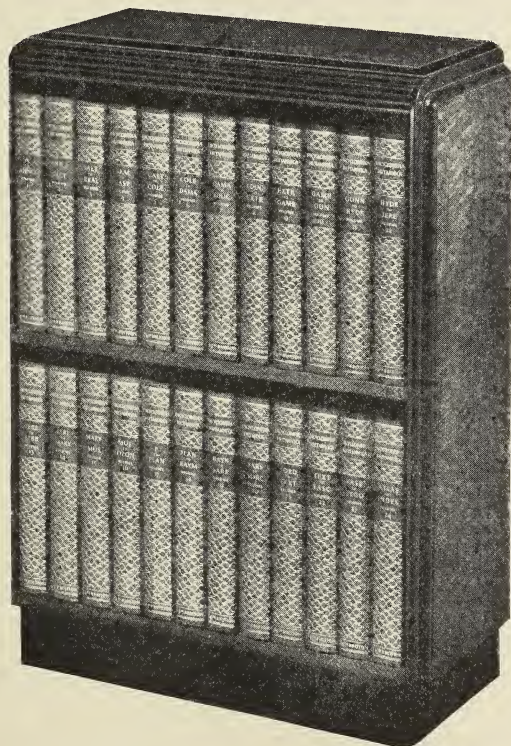
money and in the interest of greater use, a good dictionary of convenient size should be purchased and used regularly.

Here are the more important items of information found in a dictionary: Spelling, derivation, capitalization, pronunciation, and meaning of words; plural and singular forms of words; synonyms and antonyms; how to pronounce geographical and biographical names; commonly used quotations from foreign languages; abbreviations; origin of common English Christian names; rules for punctuation; printers' marks and other information about the preparation of copy for the printer; standard weights and measures.

Everyone should be familiar with his dictionary and turn to it often enough to form the habit of doing so. The *dictionary habit* is a most important one to

form early in life. It will save much time and trouble in the handling of one's economic affairs as well as in other ways.

Encyclopedia. — Encyclopedias contain much valuable information on all important subjects and about all important people who have lived at any time during the period of recorded history. This information is indexed carefully and is very easy to obtain. If you want to know who invented the radio, when, and how this instrument has been developed to its present state of perfection, you will find the information you want in any up-to-date encyclopedia. The school library doubtless has one or more of these valuable sources of information. Become familiar with it and turn to it often for the information it contains. Like the dictionary habit, the encyclopedia habit should add greatly to your success in life and save you much time and trouble in acquiring necessary information.



Courtesy Encyclopædia Britannica

Encyclopedias are full of useful information.

Atlas. — A good atlas should be in every home. In it maps of all parts of the world are shown. The better atlases contain information about the location of places, the commerce of different countries, population of cities and countries, things produced in all countries, and historical facts. This type of book is invaluable for work in geography, science, or commerce.

By looking up the exact location where interesting events occur from time to time, you will add to your knowledge of geography and form a very helpful educational habit. It is by use of such books as the atlas, dictionary, and *The World Almanac* that the process of education is made to proceed beyond usual school years. Well-informed people have a great advantage over those who are uninformed. Make it a practice to find out about interesting items that come to your attention from day to day. You may be sure that information acquired in this way will be useful later as well as interesting at the present moment.

Statesman's Year-Book. — This valuable reference book may be consulted in public libraries. It contains much valuable information about all countries — their governments, religions, educational systems, commerce, mining, foreign trade, money, and financial standing.

Other Sources of Information. — We are living in very important and difficult economic times. Everyone should be familiar with what is going on in connection with economic matters. The only way that we can be informed about such matters is to keep in touch with them through the agencies mentioned in the following paragraphs.

A good newspaper should be read regularly. One in which the reader has confidence should be selected — one that has the reputation of presenting impartially both sides of important economic problems.

Read a good weekly magazine in which are summarized the important events of the week. Information obtained through a weekly magazine may be more dependable than that obtained through daily newspapers. The former is made more carefully and with less speed. It has more chance to investigate what has occurred. Newspapers are made very rapidly and tell about events almost as soon as they occur. They give the best information available at the time they are issued. Through the study of a good weekly journal, errors may be corrected.

It undoubtedly is true that some people spend too much time reading daily and weekly newspapers and magazines. It is important that you shall form the habit of reading newspapers and magazines, but it is also important that you shall form the habit of reading them without having to budget too much time for this purpose. It is easy to fall into the habit of reading a great mass of material which is of temporary interest only and which even may be of no particular value at all. Learn to scan the headlines for important items you should

read. Learn to read these rapidly. Learn where the different features of the newspapers or magazines are to be found, so as to avoid wasting time finding them each day or week.

In monthly and quarterly magazines will be found more carefully considered articles about important economic matters. Know something about the more important ones. Several monthly *digests* of important magazine articles are to be had. Find out what they are and use them. Form the habit early of using your reading time to the best advantage so as not to waste any of it. Save some of it for good books on economic subjects.

Keep in mind the fact that you are laying a foundation for economic living. Well-informed people usually handle their economic affairs best. You should resolve now to be among those who are not content to remain ignorant about matters which will have so much to do with the amount of economic security they will be able to achieve for themselves and those dependent on them.

216

Do you know your telephone directory?

1. Make a list of the different kinds of information which your local telephone directory contains. Everyone who uses the telephone is familiar with the directory of names, but many people are not aware of the fact that a number of other kinds of information are to be found in the telephone directory.

2. For what purpose do we use the telephone directory when a regular city directory is not at hand?

3. The telephone company goes to great expense to include in its directory what is called a classified business directory. This usually is found in the back part of the directory of telephone subscribers. In large cities, however, there may be a separate book for this information. How is this directory of businesses used? Why is it important? Why isn't it always possible to use the regular directory without consulting the special business directory? Why is this directory usually printed on different-colored paper when it is bound in the same volume?

217

Why a city directory?

Make a list of as many things as you can remember which will be found in the *city directory*. Those who are living in cities and attending city high schools should consult the local city directory in answering this question. Others will have to depend on the information given in this text unless a city directory or some other extensive description of one is at hand. Perhaps there is one in the school library.

218

Financial reports and economic living

1. What is meant by a *financial* report? Are the business financial reports as useful to individuals in their personal economic affairs as they are to business concerns in their larger business operations? Explain why.

2. From the standpoint of economic living, is it an advantage to you all as individuals to have information regarding the financial standing of business firms reported in such a way as to enable people doing business with them to know something about their credit? In other words, is it an advantage to society to have credit ratings for business firms? Think this matter over and be prepared to tell what you think about it.

3. Local retail stores, insurance companies, and other businessmen make use of personal financial reports. How are these reports different from the business financial reports referred to above?

4. Is it of great importance to individuals in any community that the businessmen of the community shall know something about the credit of the individuals who trade with them? Is this quite as important as that businessmen shall know about the credit of other businessmen in their larger business dealings? Explain.

219

Our census reports

1. What is meant by census reports?

2. What three governmental agencies make census enumerations in a city?

3. In what years is the federal census usually made? The state census?

4. List some of the things which you could find out by referring to census reports as made by the federal government. Consult a copy of the United States Census if one is available in your library or elsewhere for convenient use. The United States Census costs a large sum of money. Who furnishes the money for this census?

5. Explain in a general way how the taxpayer benefits from the census for which he pays. Think only of the advantages to all people and not of the advantages to particular members of society or groups of individuals.

6. What is the most used of the small books of information usually found in every library and priced low enough to be in every home? Make a list of the important items of information which this book contains. Consult the table of contents of a copy if it is available for this purpose.

220

Explain where you would look for the following information:

1. Sizes and styles of type used in printing.
2. Official positions held by a very prominent man.
3. Who invented the radio; when and how this instrument developed.
4. The size and population of a state.
5. The amount of foreign commerce done by Italy in 1930.
6. Marks used by printers in indicating mistakes in printed material.
7. When the first automobile was built and used.
8. The monetary system of China.
9. Methods of signaling used in the Army.
10. Personal information about the president of a large university.
11. Coins used in foreign currency.
12. The form of government of Poland.
13. Who first made electric lights practicable.
14. Meaning of a foreign phrase or word.
15. Musical signs and symbols used in writing music.
16. Personal information about the President of the United States.
17. The financial standing of Brazil.
18. The location of a city.
19. The design of the flag of France.
20. Proper way to pronounce a word.
21. Origin of common Christian names.
22. Alphabet or Morse code of telegraphy.

221

Study the following words as much as may be necessary to master them for ready use.

- | | | |
|----------------------|-------------------------|-------------------------|
| 1. <i>almanac</i> | 7. <i>encyclopedia</i> | 13. <i>occupations</i> |
| 2. <i>atlas</i> | 8. <i>impartially</i> | 14. <i>periodically</i> |
| 3. <i>census</i> | 9. <i>industrial</i> | 15. <i>precinct</i> |
| 4. <i>classified</i> | 10. <i>information</i> | 16. <i>rating</i> |
| 5. <i>digest</i> | 11. <i>investigate</i> | 17. <i>reference</i> |
| 6. <i>directory</i> | 12. <i>metropolitan</i> | 18. <i>staff</i> |

222

At an early age one should form the *habit* of looking up useful information. It is better to *know* than to *guess*. If one forms this habit in personal economic matters, it will carry over into one's vocational business life. Often the difference between success and failure in lifework is just the difference between the habit of knowing things and the habit of guessing about them.

In a recent number of a weekly news magazine these things, places, and people were among those mentioned. Where would you look for additional information concerning each? There may be more than one source of information for some of these items.

Things

E. R. A.	League of Nations
Superstition	Monroe Doctrine
Interstate Commerce Commission	antitoxin
Treaty of Versailles	U. S. copper production
Constitution	

Places

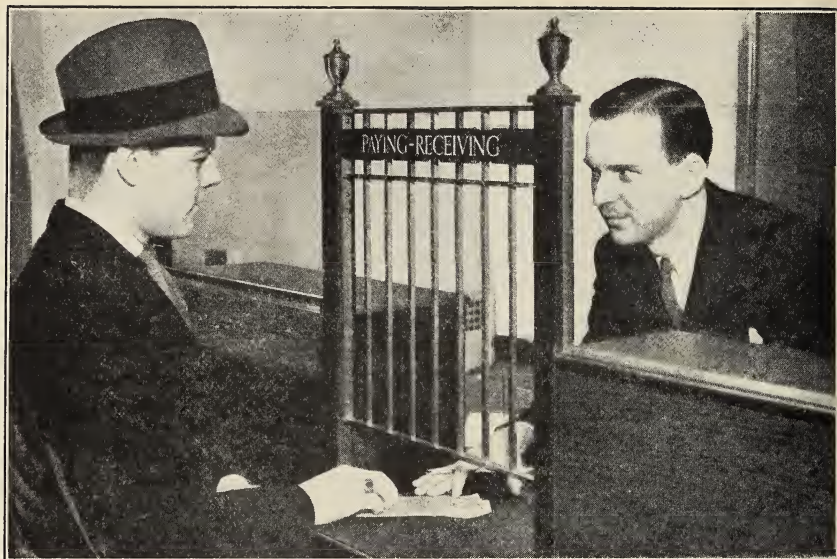
Hong Kong	Vatican
Yugoslavia	Wall Street
Manchukuo	

People

Adolf Hitler	Joseph Stalin
Sir John Simon	Benito Mussolini
Lloyd George	James Wadsworth
Chiang Kai-shek	

PART VI

THE BANK AS AN AID TO ECONOMIC LIVING



Ewing Gallorway

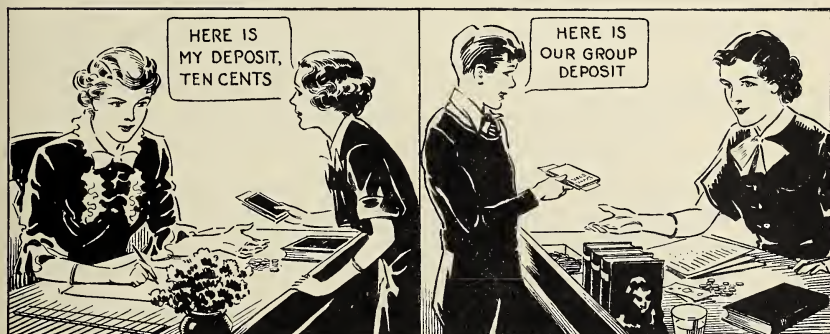


Brown Brothers

The habit of making systematic deposits in the school bank is likely to be appreciated most after the young man or young woman is graduated from school and begins to assume the responsibilities of life.

UNIT 34

SCHOOL SAVINGS BANK



Is any deposit too small? What is more important than the size of the amount?

Need for School Savings Bank. — It has been pointed out that even young boys and girls should consider the need for economic living. They should be helped to begin their economic life under a definite plan as early as possible. To accomplish this purpose, school savings banks have been established. The school savings bank is not actually a bank. It enables boys and girls to deposit small sums of money regularly with the understanding that their deposits will be placed in a city savings bank for safekeeping. Young people might hesitate to go to a regular savings bank and ask permission to open an account with the few cents which they can deposit at the outset. They need not hesitate, however, to make such a small deposit in the school savings bank, knowing that many such small deposits will amount to a considerable sum which the school savings bank authorities may deposit in a regular city savings bank.

As has been said, regularity with which savings are made is more important than the amount of such savings. By making it possible for boys and girls to open a small account and to deposit their savings in it each week, regularity of saving is made possible. If these small savings can be deposited at the school, they are more likely to be deposited than would be the case if they had to be taken to a city bank. Many city banks are open only during school hours; this makes it difficult for pupils to go to a bank during business hours with their deposits.

DEPOSIT	DUPLICATE
SCHOOL No. <u>26</u> AMT. <u>\$1.55</u>	SCHOOL No. <u>26</u> AMT. <u>\$1.55</u>
GRADE OR CLASS No. <u>6</u> DATE <u>Sept 15, 19-</u>	GRADE OR CLASS No. <u>6</u> DATE <u>Sept 15, 19-</u>
TO BE DEPOSITED IN ERIE SAVINGS BANK (SCHOOL SAVINGS) FOR CREDIT OF	
NAME <u>Charles Lawson</u>	NAME <u>Charles Lawson</u>
ADDRESS <u>48 Seneca St</u>	RECEIVED BY <u>Mary Williams</u> <small>TEACHER.</small>
TO THE PUPIL: Retain this receipt. When your receipts amount to ONE DOLLAR or more present your Bankbook at the Bank in order to have the amount entered thereon.	

ILLUSTRATION 42. DEPOSIT SLIP FOR SCHOOL USE

Making a Deposit. — Procedure in making a deposit differs among schools. In some schools there is a central place called the *savings bank* to which pupils are permitted to go at designated times to make their deposits. When this is done, the actual procedure followed is almost identical with that followed in a city savings bank. It is as follows: A student who wishes to open an account makes out a deposit slip on which appear his name, the date, and the amount and kind of money he wishes to deposit. This deposit slip, together with the money, is handed to someone authorized to receive deposits for the school savings bank. The deposit is entered in a bankbook. This book shows the name of the depositor and contains a record of his deposits. Each record shows the amount deposited and the date on which each deposit is made.

Signature of Depositor <u>Charles Lawson</u>
Residence <u>48 Seneca St</u>
Father's Name <u>John H.</u>
Mother's Name <u>Sarah B.</u>
Occupation <u>Carpenter</u>
Birthplace <u>Rochester, N. Y.</u>
Age of Depositor <u>14</u>

This little book is handed to the depositor, who should examine it to make sure that the amount he has deposited has been correctly recorded. This is his receipt for the money he has turned in at the bank. If there is a mistake, it should be corrected at once.

ILLUSTRATION 43. SCHOOL DEPOSITOR'S CARD of a savings bank to require a signature card. The school savings bank probably will require that such a card be filled out. This card is described in the section on commercial banks. Illustration 43 shows a school bank signature card.

In some schools a central place is not provided for the deposit of money. All deposits are collected in the home room or in some other place for reporting at the day's start. In this case either a teacher takes charge or a pupil is chosen to handle the transaction as each student deposits money. It seems better to have deposits made in a central place, because this gives the student practice in actually making deposits as they will be made in later life. However, school conditions may not make this possible in all cases. Whatever may be the plan, every boy and girl should take advantage of it to secure practice, at the earliest possible age, in making use of the facilities of the savings bank for the keeping of such surplus money as he is able to save.

Co-operation of City Savings Bank. — A local savings bank usually arranges with the school savings bank to receive the money deposited each week. The school bank is credited with this money and in turn credits to each depositor the amount deposited by him. When the amount deposited by a student is large enough to justify it, the amount which stands to his credit on the records of the school savings bank may be transferred to a local savings bank. From that point the student may make his deposits at this bank instead of at the school bank. If a student leaves school, it is desirable for him to have the amount which stands to his credit in the school bank transferred to his credit in the regular bank, so that he may continue his saving plan by depositing directly in the city bank.

Small Savings — Postal Savings Bank. — Postal savings banks are conducted by the government at post offices. One may begin by saving amounts even smaller than a dollar. This is accomplished by *postal savings stamps*. Each stamp is worth ten cents. It is bought and pasted on a *postal savings card*. These stamps may be purchased at the post office and usually from a rural mail carrier in the country. The card on which the stamps are pasted are furnished by the post office without cost. When ten of these stamps are on a card, it may be deposited in a savings account at a postal savings bank, which, of course, means the post office. Only deposits representing even dollars will be accepted.

Certificate of Deposit. — A *certificate of deposit* is issued by a post office for deposits as they are made. These certificates draw interest at the rate of 2%. This is smaller than the rate of interest paid by savings banks. Depositors may transfer their money to regular savings banks when it seems best to do so. All that is necessary to withdraw the money is to present the certificate of deposit and request the money. A depositor who moves from one place to another may have his account transferred to the post office in the place where his new home is located.

United States Savings Bonds. — No one may deposit more than \$2,500 in a postal savings account. However, a depositor may exchange his savings for United States Savings Bonds whenever he has saved enough to buy one of these bonds, which are issued in denominations of twenty-five dollars, fifty dollars, one hundred dollars, five hundred dollars, and one thousand dollars.

Interest on these bonds is paid only when they are due and the government redeems them. For example, to buy a \$25 bond \$18.75 is required. At the end of ten years the owner will receive \$25 from the government. The difference between \$25 and \$18.75 is the interest.

The only restriction placed on the purchase of these bonds is that one may not buy more than \$10,000 worth of them through postal savings in any one year.

These bonds are registered in the name of the purchaser when they are issued and are, therefore, a safe form of investment which no one except the rightful owner can use.

Saving Habit. — The chief advantage of the postal savings bank is that it does make possible the saving of very small sums of money until an individual's income is large enough to enable him to save regularly in amounts of at least one dollar. The postal savings bank offers an excellent opportunity for establishing the habit of regular saving of even a few cents each week.

223

Why should we learn about saving now?

1. Why should boys and girls be interested in saving when they have relatively little to spend?
2. Why should a plan for economic living include saving?
3. Why have a school savings bank? Why not have boys and girls deposit their money in the regular savings banks? Give several reasons for the school bank.
4. Is the desire to save sure to cause people to save regularly?
5. Why is it better to save a moderate amount every week than to save a larger amount occasionally?

224

How to open a savings account

1. The five steps in opening an account in a school savings bank where the method used is the same as that used by a regular savings bank have been discussed in this unit. See if you can list these five steps. Think how you would go about opening an account. Do not overlook any steps.
2. What is the signature card and how is it used? Why is it important?

3. How do the regular city savings banks co-operate with school savings banks?

4. It may not always be convenient, but where it is, it seems better to have boys and girls make their school deposits as nearly as possible in the same way as they will later make their deposits in regular banks. Why is this so? What should be done when one leaves school in the matter of one's savings account in the school savings bank?

225

Our postal savings plan

1. Where does the United States carry on its postal savings plan?
2. Why is this plan a safe way in which to save money?
3. Why is the postal savings plan desirable in a community where there are other savings banks?
4. What does an individual do about his postal savings account when he moves from one community to another?
5. What is the highest amount one may deposit in a postal savings account?
6. Explain how the following are used in connection with postal savings:
 - (a) Postal savings stamp.
 - (b) Postal savings card.
 - (c) Certificate of deposit.
 - (d) United States Savings Bond.
7. How much may one invest in United States Savings Bonds in one year?
8. In what denominations are United States Savings Bonds issued?
9. How is the interest collected on United States Savings Bonds?
10. How can a person be sure that no one but himself will collect either interest or principal on a United States Savings Bond which he owns?
11. What do you think is the greatest service rendered by the postal savings system?

226

Why?

1. A few years ago in one of our larger cities a bank in which the money saved by school children was on deposit failed. About \$100,000 of school savings money was deposited in this bank at the time of its failure. A public-spirited businessman in the community wrote a check for the amount which boys and girls would lose by the failure and deposited it to their credit in another bank. Why do you think he did this? He was a businessman in that community. Do you think that in the long run he and other businessmen in the community benefited from his generous act? Explain.

2. More recently a bank failed, causing the loss of a large amount of money deposited in a school savings fund. The legislature of the state in which this

failure occurred passed a law permitting the city in which the bank was located to use its funds to compensate the children for their loss; in other words, to open a new account for the amount which was on deposit at the time the bank failed. Think of some reasons why a city would do this; also why a state legislature would permit a city to use its funds in this way.

3. How do these two experiences with school savings funds make you feel that school savings everywhere are safe?

227

The following words should be studied as previous lists have been studied in building your vocabulary.

- | | | |
|----------------------|-------------------------|------------------------|
| 1. <i>accomplish</i> | 6. <i>denominations</i> | 10. <i>identical</i> |
| 2. <i>collected</i> | 7. <i>deposit</i> | 11. <i>safekeeping</i> |
| 3. <i>commercial</i> | 8. <i>detached</i> | 12. <i>transferred</i> |
| 4. <i>coupon</i> | 9. <i>duplicate</i> | 13. <i>withdraw</i> |
| 5. <i>definite</i> | | |

228

1. In a certain savings bank 37,800 boys and girls have deposited \$2,079,000. What is the average deposit for each boy or girl?

2. On a school banking day in a certain city the high schools reported deposits as follows:

West High	580 deposits	\$89.48
East High	612 deposits	76.53
Washington High	430 deposits	67.40
Monroe High	652 deposits	74.83
Jefferson High	512 deposits	53.62
Lincoln High	740 deposits	95.82

- What was the total deposit?
- What was the average deposit for each school?
- Assuming that the average income and expenses of the boys and girls in all of these schools were the same, list these schools in proper order to show which boys and girls were more thrifty in the matter of savings.

229

1. When a bank fails, the law requires that the bank's property be converted into cash, that all the debts of the bank be paid, and that the balance of cash be paid to depositors in proportion to their deposits.

The bank whose failure was mentioned in exercise 226, problem 1, had \$20,946,381 of deposits. When its property was sold, it brought \$13,783,199.80. The bank's debts, including the expenses of those who straightened its affairs, amounted to \$1,215,371.20.

- (a) How much money was left for the depositors?
 - (b) What per cent of the total deposits could be paid?
 - (c) How much of their \$100,000 would the school children get?
 - (d) How much did the businessman who made up their loss have to pay?
2. Suppose you save and deposit only \$.10 a day — one carfare — for each day throughout the whole of the present year.

- (a) How much will this amount to at the end of the year without adding for interest?
 - (b) Omitting leap years, how much would be saved at this rate between one's fourteenth and twentieth birthdays?
 - (c) Suppose that at the end of each savings year the amount saved is placed in a regular savings bank at 4% interest. How much would one have on one's twentieth birthday?
 - (d) Suppose another pupil in the group saved \$.20 daily instead of \$.10. How much would he have on his twentieth birthday if he placed his savings in a savings bank at 4% at the end of each year?
3. Here are the school bank deposits of three pupils made from April 1 to June 4:

	<i>Paul</i>	<i>Mary</i>	<i>Harold</i>
April 1, \$.10		\$.15	\$.50
8, .10			
22, .10		.20	
29, .10			
May 6, .10			
13, .10		.30	.20
20, .10			
27, .10			
June 4, .10		.20	.10

- (a) How much did each deposit in the school savings bank?
- (b) What per cent more were Paul's deposits than Mary's? Than Harold's?
- (c) Mary is provoked because Paul has more on deposit than she has. She claims that her deposits were larger than Paul's. What has she overlooked?
- (d) Paul says he always has money to deposit. He has a very simple budget which he lives up to. How does a budget help Paul?

4. A savings bank offered a prize of \$1, to be added to the savings accounts in which deposits were made regularly, and evenly as to amount, during a full year. Analysis of the school savings accounts for one school showed that before the prize was offered, only 60% of its 300 students were depositors. Ninety per cent were depositors after the prize was offered.

- (a) How many depositors did the bank have before offering the prize? After?
- (b) Why should the bank offer such a prize?
- (c) What benefit to the community might be the result of this offer by the bank?
- (d) Can you suggest any other benefits that might result from this offer of a prize?
- (e) Before the prize was offered, the pupil depositors were averaging \$.75 a month. What were the total yearly deposits?
- (f) After the prize was offered, the average increased to \$.90 a month. What were the total deposits for the year?
- (g) By what per cent were the total deposits increased?

5. Here are some figures which show how boys and girls in the elementary and high schools of a certain eastern city are saving their money. Draw a diagram like the one below and fill in the proper amounts where the question marks appear.

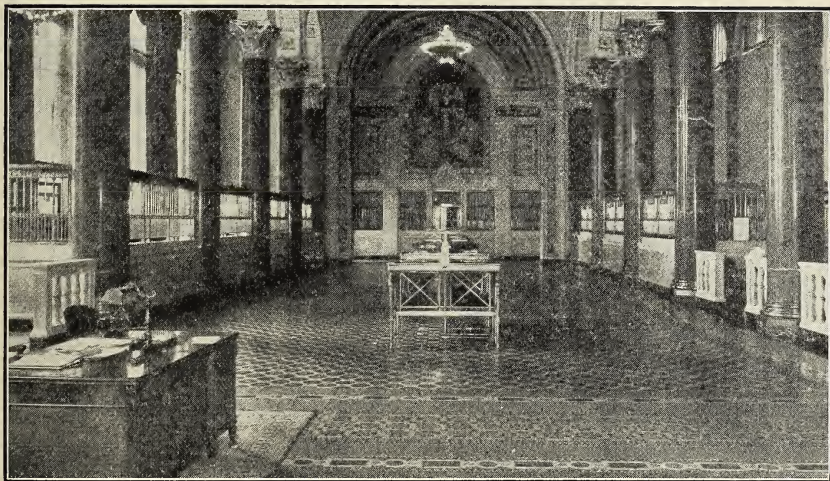
SCHOOL	NUMBER OF DEPOSITORS	AMOUNT DEPOSITED IN 18 WEEKS	AVERAGE WEEKLY DEPOSIT OF THE GROUP	AVERAGE WEEKLY DEPOSIT OF EACH PUPIL
1	307	\$ 675.35	?	?
2	410	1,003.75	?	?
3	108	513.25	?	?
4	120	658.10	?	?
5	189	49.91	?	?
6	1,090	519.14	?	?
7	198	720.22	?	?

6. Compare the records of the above schools.

- (a) In which was the largest amount saved? The smallest?
- (b) In which was there the largest average deposit per pupil? The smallest?
- (c) Can you tell which school has the most thrifty pupils? Think this matter over carefully and be able to explain your answer.

UNIT 35

THE SAVINGS BANK



A good place for savings.

Chas. M. Rowe

Chief Purpose of Savings Banks. — The services rendered by this kind of bank are very important. One of its chief functions is to receive deposits made by its customers for safekeeping and to pay interest on such deposits. The person who has surplus money and wishes to invest it safely may place it in a savings bank. He then becomes a *depositor*. It is understood that the money will be left there for a considerable period, but it may be withdrawn at almost any time in case of emergency, or in case the depositor wants it for use.

Generally speaking, money should be put into the savings bank only when it is not needed for daily use. When we study the way in which the savings bank computes the interest it pays its depositors, we shall see that it is not a good thing to put money into the bank and draw it out almost as soon as it has been deposited.

An important purpose of the savings bank as far as depositors are concerned is to encourage the regular saving of small amounts. It is customary for savings

banks to limit the amount of money it will receive from one depositor. When one has accumulated as large an amount as the bank will take from any individual, one may withdraw it for investment in some other way. Other kinds of investment will be discussed later in this course.

What Savings Banks Do with Money. — Officers of savings banks lend deposited money to those who wish to borrow, providing, however, that satisfactory security be given. Those who borrow must give the bank unquestionable evidence that they will repay the money as agreed, or if they do not so repay it, that it can be collected in any event. Much savings bank money is lent to people on real-estate mortgages. The borrower pledges his home, farm, or business building as security for the repayment of the loan. This kind of security usually is considered exceptionally good.

Many people who own building lots and have some additional money borrow enough more to build a house. As security for the repayment of money borrowed, the borrower gives

a mortgage on the house and lot. If the borrower does not pay the loan as he agrees, this mortgage gives the bank the right to have the house and lot sold and to receive from the proceeds of the sale the amount due.

Savings banks also lend money to business corporations under government supervision, and to cities and towns.

Safety of Savings Banks. — To insure safety to depositors all states have special laws for savings banks. They indicate what kinds of investments savings bank officers may make. Only those believed to be safe are permitted. This reduces the risk which depositors take in placing their money in savings banks.

Before loans against real estate are made, officials of the bank carefully investigate the property pledged and determine its value. The bank usually

DEPOSIT TICKET		
ERIE SAVINGS BANK		
ROCHESTER, N. Y., <u>Sept 15, 19--</u>		
BOOK NUMBER <u>396</u>		
NAME <u>Roger Saunders</u>		
PLEASE LIST EACH CHECK SEPARATELY		
	DOLLARS	CENTS
CURRENCY	<u>25</u>	<u>50</u>
CHECKS		
	\$	<u>25 50</u>
SEE THAT ALL CHECKS AND DRAFTS ARE ENDORSED		

ILLUSTRATION 44. SAVINGS BANK
DEPOSIT TICKET

Probably one of the most important lessons we can learn in connection with the investment of surplus money is the lesson that whenever a very large return is promised for money borrowed, the risk that this money will never be paid back is correspondingly great. We must learn early to distinguish between

investing and gambling. By investing safely in savings bank deposits, we are insuring that the money we have saved will be available to us when we need it and that during the intervening time we shall be getting at least a small return in the way of interest. There may come a time when we can afford to take greater risks than are involved in savings bank deposits, but until that time comes, we should be content with the relatively small return savings bank deposits will bring us.

Interest Periods. — It is customary for savings banks to pay interest either quarterly, semiannually, or annually.

Saunders, Roger, 20 State St							
In Account with		ERIE SAVINGS BANK Rochester, N. Y.					
DATE		DEPOSIT		WITHDRAWAL		BALANCE	
¹⁹⁻ Sept	1						193 50
	2		12 00				205 50
	15		24 50				230 00
	25		12 00				242 00
	30				12 00		230 00
Oct	1		60 00				290 00
	15				20 00		270 00
	31		40 00				310 00
Nov	10		30 00				340 00
	30		60 00				400 00
Dec	5				25 00		375 00
	15		30 00				405 00
	31		15 00				420 00
¹⁹⁻ Jan	2	Int 30¢	2 87				422 87

ILLUSTRATION 46. BANK'S DUPLICATE OF RECORD SHOWN IN ILLUSTRATION 45

Those who have left their money in the bank for full months up to the point when interest is paid, will receive interest on it for the full months it has been in the hands of the savings bank. For example, on July 1 one who has had money in the bank from June 1 will receive one month's interest. One who has had money on deposit from March 1 will receive four months' interest; but one whose money has been on deposit from March 15 will receive only three months' interest. These calculations are based on semiannual interest payments.

It usually is understood that if money is withdrawn before the interest date, no interest for the period it was in the bank will be paid. In other words, the earned interest will be forfeited. This is a loss to the depositor. One should not draw one's money out before the interest date if he possibly can avoid doing so. Suppose you deposit money in a savings bank on January 2; then on June 20 you draw it out. You will lose the interest for the period from January 2 to June 20. If you had left it there until July 1, only eleven days more, you

would have received interest on it for the full time. This practice is an encouragement to depositors to leave their money in the bank rather than to draw it out whenever the need for it seems to arise. This practice also is an important reason why money should not be deposited in a savings bank if it is quite certain that it will be needed for early use. The savings bank is an institution which has been organized for the safekeeping and investment of the small savings of people; not for the convenience of people who wish to pay their bills by check or who merely wish a safe place in which to leave money for very short periods of time.

Withdrawals of Money from Savings Bank. — Another privilege has been found desirable for savings banks. They reserve the right to refuse to pay back money until the expiration of a certain number of days — usually thirty or sixty — when demand is made for it by a depositor. If a depositor wishes to draw out his money, the bank may require him to give thirty days' notice before he may receive it. This tends to discourage the withdrawal of money without good reason.

There is yet another far more important reason why this rule is in effect. It has been said that savings banks usually invest the money entrusted to them in such investments as real-estate mortgages, and these mortgages are given for definite periods of time. Some of them may be overdue. Even if they are, it often is not possible on a moment's notice to dispose of the real estate which they represent and secure its full value. Therefore the bank reserves the right to delay payment of money to depositors so that it will have plenty of time to get the money needed in case a large number of depositors demand their money at once.

It should be said, however, that most savings banks, under normal conditions, will pay money to depositors whenever they demand it unless there is a greater demand than can be met out of funds on hand. But if, to meet a large number of depositors' requests for money, it is necessary to sell its mortgages or other property at a loss, the bank may decline to make payments for a certain length of time. Such refusal to pay may work a hardship on individuals, but it is in the best interests of all the depositors and therefore is regarded as a desirable procedure. Illustration 47 shows the form used in drawing money

WITHDRAWAL TICKET					
BOOK NUMBER <u>396</u>	<u>Sept 30, 19--</u>				
Received	<table border="1"> <tr> <th>DOLLARS</th> <th>CENTS</th> </tr> <tr> <td><u>12</u></td> <td><u>00</u></td> </tr> </table>	DOLLARS	CENTS	<u>12</u>	<u>00</u>
DOLLARS	CENTS				
<u>12</u>	<u>00</u>				
<u>Twelve</u> ⁰⁰ / ₁₀₀ Dollars					
FROM ERIE SAVINGS BANK					
Sign here <u>Roger Saunders</u>					
Address <u>22 State St. Rochester N.Y.</u>					

ILLUSTRATION 47. WITHDRAWAL TICKET

from a savings bank. Illustration 48 shows a form of check used by a savings bank when a depositor makes a payment to another person by means of an order on his savings account. A withdrawal ticket or savings bank payment order must be accompanied by the bankbook in every case.

Unclaimed Deposits. — It may be surprising to know that many people deposit money in savings banks and never call for it, but this is a fact. Every savings bank has large amounts of money belonging to depositors whose whereabouts are not known. A savings bank must keep this money

ERIE SAVINGS BANK	
Rochester, N. Y., <u>Dec 5</u> , 19— <u>\$25</u> —	
Pay to <u>Richard Roe</u> or bearer,	
<u>Twenty-five</u> DOLLARS,	
Account No. <u>296</u>	
Sign here <u>Roger Saunders</u>	
This check will not be paid unless accompanied by the passbook.	

ILLUSTRATION 48. SAVINGS BANK
PAYMENT ORDER

safely for a certain length of time and then dispose of it in accordance with the law.

There are many reasons why people fail to call for money they have deposited. An individual may open an account in a savings bank and let no one know about it. He may fail to make deposits for a long period of time and leave the locality in which the bank is located. His friends may lose contact with him. Finally he may die without leaving any evidence of the fact that he has a savings account. If those who take care of his affairs find his savings bankbook, it is likely that a request for his balance will be made. But in many cases this book is lost or otherwise destroyed; then there is nothing to indicate that this amount exists.

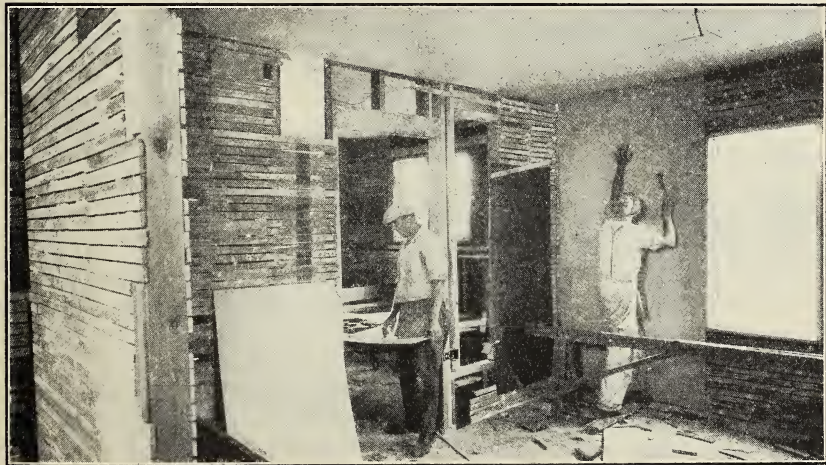
A savings bank makes every possible effort to find its depositors when their whereabouts are unknown, but in spite of its best efforts, balances in accounts frequently go unclaimed for many years. At each interest date, interest is added to the amount deposited. Thus these accounts grow rapidly. It can be seen that these unclaimed balances become very large in the course of a long period of time. In the end, if the depositor cannot be found, money which belongs to him is disposed of according to the state law. In any event there is no advantage to the savings bank in having a large amount of money unclaimed. It will do everything in its power to prevent this situation.

From what has been said, it is clear that a savings bankbook should be kept at all times in a place that is known to the depositor's representatives in case anything happens to the depositor. No depositor should ever consider any amount deposited as being too small to bother about. It probably is a fact that most uncalled-for deposits were rather small at the beginning. This often is what causes the depositors to overlook them. True economic living requires

that one shall be as much concerned about small amounts as one is about large ones. In fact it has been said: "If we take care of the pennies, the dollars will take care of themselves."

Savings Bank and the Community. — We should not leave the subject of savings banks without considering briefly their benefits to society or to the community in which they are located. The savings bank is a very important institution indeed. A community is only as good as the citizens who live in it, and the character of a community is indicated by the number of its citizens who own their homes. Thus everything possible should be done to encourage people to buy or build homes. The savings bank makes home owning possible to many and thereby improves the economic standing of the community. Without the savings bank there can be relatively little home owning, since not many people are able to build homes until late in life unless they can borrow the money needed for this purpose.

This is how the savings bank helps. Suppose Mr. Jones wishes to build a house and that he has saved enough to buy a lot and to make a substantial payment on the building materials required. He finds a lot he likes and buys it. He decides on the kind of house he wishes to build. On getting an estimate of the cost of the house, he finds that he lacks \$2,000 of having enough money to build it. He goes to a savings bank and asks for a loan on this property. The savings bank determines the value of the lot on which he intends to build,



Ewing Galloway

The savings bank lends money to help build this home. Whose money is it? How does this enable people to co-operate with each other?

and if satisfied that the loan will be a safe one to make, it will advance the \$2,000 and take in return a mortgage on the house and lot.

The owner might have been able to find an individual who would lend him the \$2,000. However, it is possible that such an individual would have required a large interest rate. Such an individual might not have been willing to lend the money for a long period of time and might call for the return of his money before the owner could afford to pay it. There are many reasons why it is better to borrow money from a savings bank than it is to borrow it from an individual.

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Know your savings bank and its services

1. What services does the savings bank render to its depositors?
2. Should money that is needed for daily use be placed in a savings bank? Explain.
3. Is there any limit to the amount which one may deposit in a savings bank?
4. Why are there special laws to govern the business of the savings bank?
5. A certain businessmen's association has \$10,000 in surplus funds. The treasurer of this association does not live in New England, but all of the money of the association is deposited in savings banks in New England cities. Why do people deposit money in banks so far away from their homes? Suggest at least one reason.
6. Most savings banks are *mutual* banks. What is meant by this statement? In a mutual savings bank, what becomes of the profits of the business?
7. Why is it undesirable to withdraw money from a savings bank just before the interest date?
8. A certain doctor recently said that he had savings accounts in fifteen savings banks. Why did he have his money in so many banks instead of in one bank? Mention several possible reasons.
9. If one wishes to borrow money on the security of a mortgage on one's home, about what per cent of the value of the home will a bank lend?
10. What determines how much interest a savings bank can pay its depositors on money deposited?
11. How many times a year does a savings bank usually pay interest?
12. If an individual lends money to another on interest, he generally gets the legal rate, which usually is at least 6%. If he puts his money into the savings bank, he gets but $3\frac{1}{2}\%$ or 4%. Why is it not better to lend money to individuals rather than to put it into a savings bank?

13. In what ways does the savings bank use the money deposited with it? Is much of this money allowed to remain idle in the savings bank's vaults? Explain.

14. During the past few years many people have not been able to pay the interest on their mortgages held by savings banks. How has this affected the business of the savings banks?

15. A savings bank generally reserves the right to refuse to give the depositor his money until the expiration of a certain number of days after he requests it—usually thirty or sixty. Can you state the reason why it is best to permit savings banks thus to refuse to pay money to its depositors on demand?

16. Do savings banks always ask for thirty or sixty days in which to pay money belonging to a depositor? Or does a savings bank usually pay on demand? Can you think of any circumstances under which a savings bank would exercise its privilege of withholding its depositors' money for a certain number of days?

17. Why is it that in every savings bank there is a large sum of money belonging to depositors whose whereabouts are not known to the officers of the bank?

18. Find out what is done by savings banks with money not called for after the bank has done its best to find the owner of this money.

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The savings bank and the community

Write a brief essay in which you will explain the importance of the savings bank to the community. Think of as many ways as you can in which the savings bank assists a community through financial help extended to those who live in the community.

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Important words

Here are three words which should be thoroughly understood by everybody, young and old:

(a) gambling (b) speculating (c) investing

Look up these words and indicate what you understand them to mean.

1. When one puts money in a business enterprise to leave it there for a considerable length of time and is expecting that it will be paid back with interest, which of these three words applies to this transaction?

2. When a man buys some shares of stock today, expecting to sell them tomorrow at a higher price, which of these three words applies?

3. When a man puts his money into a savings bank at 4%, which of these three words applies?

4. When a man bets \$10 against \$100 that a certain horse will win a race, which of the three words describes what he has done?

5. In May a man sells 10,000 bushels of wheat which he does not own but which he promises to deliver in September. He expects to buy it before then at a price lower than he sold it for. Which of the three words applies?

6. When a man asks you to let him have your money and promises to pay you 40% a year for it, which of the above words applies? Or is there another word which more nearly describes this transaction?

7. Is it good economy to gamble? Explain.

8. Can people with limited means afford to speculate? Explain.

9. What does one do when one buys a ticket on a horse race?

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These words are important and should be mastered for daily use.

- | | | |
|-----------------------|------------------------|---------------------------|
| 1. <i>compute</i> | 6. <i>mortgage</i> | 11. <i>substantial</i> |
| 2. <i>fulfill</i> | 7. <i>officers</i> | 12. <i>unclaimed</i> |
| 3. <i>function</i> | 8. <i>real estate</i> | 13. <i>unquestionable</i> |
| 4. <i>gambling</i> | 9. <i>speculate</i> | 14. <i>withdrawal</i> |
| 5. <i>intervening</i> | 10. <i>stockholder</i> | 15. <i>withdrawn</i> |

How much?

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1. John received \$50 as a present on his fifteenth birthday. He put it into the savings bank at 4% interest. At the end of each six months his interest was added to his principal.

(a) How much did he have on his twenty-first birthday?

(b) How much of his total was interest?

(c) What per cent of the total was interest?

2. A certain savings bank lends its money at an average rate of $5\frac{1}{2}\%$ and pays its depositors 4%. One per cent of its income is put aside as a reserve in case its earnings become less at any time.

(a) What per cent of the bank's income goes for expenses?

(b) On investments (all depositors' money) amounting to \$10,243,897, how much income would this bank receive?

(c) How much would the depositors receive?

(d) How much would be set aside for reserve?

(e) How much would be used for expenses, etc.?

3. A savings bank is asked for a loan by J. H. Hillman, who offers a mortgage on his house as security. The bank pays an appraiser \$10 to value the house, pays a lawyer \$20 to draw up the papers, and has the title to the property looked up at a cost of \$10. There are other expenses of \$15.

Finally a loan of \$12,000 at $5\frac{1}{2}\%$ is made on Mr. Hillman's property, and this is supposed to be 60% of the value of the property.

- (a) What is the value of the property?
- (b) What do the expenses of this transaction amount to?
- (c) If Mr. Hillman pays these expenses, what will be his rate per cent for a year, which is the time for which his loan is made?
- (d) If the bank pays these expenses, what actual rate per cent will it receive for the year?

4. Suppose that the interest dates of the Home Savings Bank are June 30 and December 30 and that the interest rate is 4%.

- (a) Mary Horner makes the following deposits: June 30, 1933, \$300; September 1, 1933, \$50; December 1, 1933, \$125; January 2, 1934, \$210; March 1, 1934, \$110; July 2, 1934, \$95; November 1, 1934, \$300; February 1, 1935, \$140; March 1, 1935, \$100; September 3, 1935, \$400. How much has she on deposit on December 30, 1935, if there are no withdrawals of capital or interest?
- (b) John Herman deposited and withdrew as follows:

<i>Deposits</i>	<i>Withdrawals</i>
Aug. 1, '34, \$200	Oct. 15, '34, \$100
Nov. 1, '34, \$300	Jan. 7, '35, \$200
Dec. 31, '34, \$220	April 1, '35, \$300
Jan. 2, '35, \$180	July 10, '35, \$100
Feb. 1, '35, \$900	
April 1, '35, \$100	
June 1, '35, \$310	
Oct. 1, '35, \$160	

How much had Mr. Herman on deposit December 30, 1935?

- (c) How much interest did Mr. Herman lose by drawing out \$100 on October 15?
- (d) How much interest did he lose by drawing out \$200 on January 7?
- (e) How much interest did he lose by drawing out \$300 on April 1?
- (f) How much interest did he lose by drawing out \$100 on July 10?
- (g) Suppose that Mr. Herman drew the \$100 on October 15 to pay a bill for \$100 less 4% for cash. Would he have gained or lost by the transaction? How much?
- (h) Suppose that his withdrawal on April 1 had been to pay a bill for \$300 less 2% for cash. Would he have gained or lost by the transaction? How much?
- (i) Does it always pay to take money out of a savings bank to pay a bill and save a small amount? Explain.

- (j) Suppose that Mr. Herman's withdrawal on January 7 had been to pay for a radio. If he had not used his savings for this purpose, he would have paid on the *budget plan* at the following rates: \$25 down and \$15.50 a month for twelve months. How did he save by using his savings?

5. In the year 1934 the Peoples Savings Bank lent \$1,600,000 to borrowers who owned lots and desired to build homes. These homes were completed by the end of the year. The lots were valued at \$200,000. In this city lots were assessed at 40% of their value, while houses and lots were assessed at 70% of their value. The borrowers put \$400,000 of their own money into these homes.

- (a) By lending this money, the savings bank increased the taxable property in the community by how much?
- (b) What was the value of the vacant property assessed and taxed before this building was done?
- (c) For tax purposes how much was it assessed?
- (d) After buildings were completed, what was the value of these homes?
- (e) For how much were these homes assessed for tax purposes?
- (f) How much more property did the city have to tax after the buildings were completed than before?
- (g) Who made this civic improvement possible?

6. A recent news item says that the United States Government is holding \$400,000,000 for people who are entitled to it but do not claim it.

- (a) If the population of the United States is about 120,000,000, how much would this unclaimed fund provide for each man, woman, and child if equally divided among all of our people?
- (b) At 3% interest, how much are the owners of this large fund losing each year? Who is gaining the same amount if no interest is being paid?
- (c) Of this fund \$6,000,000 became due (to people who had lent the government money) from 18 to 100 years ago. This probably never will be claimed, because the evidences of debt received from the government long since have been lost, stolen, or destroyed. At 3%, how much interest has been lost on this \$6,000,000, if the average time it has been unclaimed is twenty-five years?
- (d) What economic lesson do these figures teach?

7. Note that Roger Saunders, according to his savings bank book shown in Illustration 45, received \$2.87 interest on January 2, at 3%. Verify this amount of interest. Remember that when there is a withdrawal in any month, only the amount which is on deposit for the full month earns interest for that month. However, in Mr. Saunders's case the bank allowed interest on the amount deposited on the second day of September.

UNIT 36

CO-OPERATIVE SAVINGS INSTITUTIONS

Services and Advantages of Co-operative Bank. — The co-operative bank has become popular in some states. Its chief functions are to receive small savings of people and lend them to others who can use them for home building and other similar purposes. It differs from other types of banks in that its depositors buy its *shares* with the understanding that for each share purchased a certain amount will be paid to the bank each month. This enables people with small incomes to save each month and place their savings where they will earn interest. As regular monthly payments are required, shareholders are helped to establish the habit of saving. It differs from the savings bank in that the co-operative bank shareholder promises to save a certain amount each month, while a savings bank depositor makes no such promise. A person is more likely to omit a monthly deposit occasionally than he is to omit a payment for co-operative bank shares.

An individual who wishes to buy co-operative bank shares should go to a co-operative bank in his community and indicate the number of shares he wishes to purchase. Each share usually costs one dollar a month. Therefore, if a person desires to save ten dollars a month, he purchases ten shares.

Paying Dues. — Each month the shareholder pays the bank one dollar for each share he owns. The procedure is very much the same as that used in depositing money in a savings bank.

Penalties for Nonpayment. — There is a small penalty for failure to pay dues at the proper time. This is to encourage people to make their payments regularly and promptly. If a shareholder allows his dues to remain unpaid for a certain time, usually six months, his shares may be forfeited. In that case, he will not participate further in the profits of the bank.

The customary fine is about two per cent each month on each dollar remaining unpaid. These fines when paid are added to the profit of the bank. With other profits they are distributed to shareholders in the form of dividends.

If the shareholder forfeits his shares, the value of his shares less fines and any other deductions charged to his account, is returned to him in cash.

Suppose a shareholder fails to pay his dues each month for six months — from February 1 to August 1. For each dollar remaining unpaid, his fines would be computed as follows:

February 1,	dues of \$1 remaining unpaid 6 months — fine =	\$.12
March 1,	dues of \$1 remaining unpaid 5 months — fine =	.10
April 1,	dues of \$1 remaining unpaid 4 months — fine =	.08
May 1,	dues of \$1 remaining unpaid 3 months — fine =	.06
June 1,	dues of \$1 remaining unpaid 2 months — fine =	.04
July 1,	dues of \$1 remaining unpaid 1 month — fine =	<u>.02</u>
August 1,	Total dues, \$6	Total fines <u>\$.42</u>
August 1,	Dues, \$1 + Unpaid dues, \$6 + Fines, \$.42 = \$7.42	

Thus it will require \$7.42 to pay all dues and fines up to and including August 1. Perhaps \$.42 does not seem to be much, but it is 7% of the unpaid dues. What per cent of the February 1 dues is the fine on this item? What per cent of every one of the other unpaid dues of \$1 each has to be paid as a fine?

The loss of this money is contrary to sound principles of economic living. No one should take out more shares than he reasonably can expect to pay for regularly. A person who takes out shares should make every possible effort to pay his dues and thus avoid fines and the danger of forfeiting the shares and some of the money he has paid in.

Security. — Co-operative banks, like other banks, are supervised to a certain extent by government authorities and, therefore, their shares may be regarded as a safe form of investment.

Income from Shares. — Shareholders receive income in the form of dividends from the shares they own. Net profits made by a co-operative bank are distributed quarterly or semiannually in the form of dividends. The rate of dividend is determined by the profits the bank has been able to make and the expenses incurred in doing business. Since the rate of profit varies from year to year, it is customary to hold back some of the earnings in good years to offset lower income in bad years. Hence not all profits made in any year are distributed in dividends for that year.

Withdrawal of Shares. — As has been seen, a shareholder pays to the bank a certain amount of money each month for a certain length of time. At the expiration of this time the shares are said to be paid up. At this time the shareholder may withdraw from the bank the value of the shares he owns. However, if he wishes to do so, he may allow his shares to remain with the bank and continue to receive his proportionate share of the earnings of the bank.

How Value of Shares Grows. — The co-operative bank table, Illustration 49, shows how co-operative bank shares grow.

GEORGE WATSON BUYS 10 CO-OPERATIVE BANK SHARES, PAYING ON THEM \$1 PER MONTH PER SHARE	AMOUNT PAID BY YEARS	TOTAL AMOUNT PAID TO END OF EACH YEAR	TOTAL PROFIT ADDED TO END OF EACH YEAR	TOTAL VALUE OF 10 SHARES AT END OF EACH YEAR
1st Yr.—12 Payments	\$120	\$ 120	\$ 4 80	\$ 124 80
2nd Yr.—12 Payments	120	240	19 20	259 20
3rd Yr.—12 Payments	120	360	44 20	404 20
4th Yr.—12 Payments	120	480	79 15	559 15
5th Yr.—12 Payments	120	600	123 40	723 40
6th Yr.—12 Payments	120	720	177 80	897 80
7th Yr.—12 Payments	120	840	243 00	1,083 00
8th Yr.—12 Payments	120	960	317 90	1,277 90
9th Yr.—12 Payments	120	1,080	402 50	1,482 50
10th Yr.—12 Payments	120	1,200	498 25	1,698 25
11th Yr.—12 Payments	120	1,320	600 25	1,920 25
12th Yr.— 6 Payments	60	1,380	620 00	2,000 00

ILLUSTRATION 49. CO-OPERATIVE BANK TABLE

The actual amount of time required to save a total of \$2,000 by this plan depends upon business conditions and the interest which can be earned by the co-operative bank.

Building and Loan Associations. — The building and loan association is another institution which in some states helps people to save money. This association is very much like the co-operative bank. Both of these institutions help people to save money by encouraging them to put aside a definite amount each month. As in the co-operative bank, building and loan association shares are purchased with the understanding that regular payments will be made each month. The money so deposited is lent to people who wish to use it in the building of a home or in the purchase of one. Security given for these loans usually is in the form of mortgages, as in the case of co-operative and savings bank loans.

Shareholders may borrow an amount up to the value of their shares at any time by depositing their shares as security for the loan.

Interest received for loans is credited to each shareholder in proportion to the number of shares he owns. When the money paid in, together with the interest credited to him, equals the face value of his shares, these shares are said to be paid up. At this time the amount represented by the shares may be withdrawn. If the shareholder prefers, he may leave his money with the association and receive interest for its use.

About co-operative banks

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1. Explain how the co-operative bank differs from the savings bank. What does a person do with the money he wishes to invest in a co-operative bank? How does one put money into a savings bank?

2. Explain why the co-operative bank plan for saving may be better for some people than the savings bank plan.
3. How much does each share in a co-operative bank usually cost?
4. How are dues paid?
5. Why are penalties made for nonpayment of dues? What becomes of these penalties called fines?
6. About how large is a fine?
7. When a shareholder forfeits his shares because of nonpayment of dues, or for any other reason, how much cash does he obtain for what he has put in?
8. Why is the failure to pay dues contrary to economic living?
9. In taking out co-operative shares, what should one be careful to do? How many shares should one take out?
10. Explain whether or not co-operative bank shares are reasonably safe investments. Tell why you think so.
11. Why should the government supervise co-operative banks?
12. In what form do shareholders receive their part of the income of the bank? What are the returns on co-operative bank share investments called?
13. What determines the rate of dividends which one draws on co-operative bank shares?
14. What happens when one has paid dues on co-operative shares until they are said to be paid up?
15. Is the building and loan association more like the co-operative bank or like the savings bank? Explain as fully as you can.
16. Are both building and loan associations and co-operative banks likely to be popular in the same community, or does each favor one or the other but rarely both?

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Study these words so as to add them to your vocabulary.

- | | | |
|------------------------|------------------------|-------------------------|
| 1. <i>association</i> | 6. <i>institution</i> | 11. <i>penalty</i> |
| 2. <i>co-operative</i> | 7. <i>loans</i> | 12. <i>quarterly</i> |
| 3. <i>deduction</i> | 8. <i>nonpayment</i> | 13. <i>semiannually</i> |
| 4. <i>fine</i> | 9. <i>paid-up</i> | 14. <i>shares</i> |
| 5. <i>forfeit</i> | 10. <i>paying dues</i> | |

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1. A co-operative bank passbook states: "Shareholders who make default in the payment of monthly dues and interest shall be subject to a fine of two per cent a month for each dollar in arrears."

- (a) Mr. Allen has 10 shares of co-operative bank stock. He fails to pay his dues for one month. How much is the fine?
- (b) The next month he pays his dues but still is in arrears for one month. How much is his fine this month? How much has he paid in fines so far?
- (c) If 2% a month is charged for default of payment, what is the per cent per year if a shareholder is in arrears for one year?
- (d) Is this too much? Explain.

2. Another rule states that "shares may be withdrawn provided that upon settlement with the shareholder there shall be deducted from his account twenty per cent of all the profits which have been credited to the shares withdrawn within five years of the date of their issue."

- (a) Shares on which \$40 has been credited as profit are withdrawn within five years of issue. How much is forfeited because of withdrawal?
- (b) Is any of the amount actually paid in lost?
- (c) If the \$40 represents a profit of 5%, what is the face amount of the shares?
- (d) Another man withdrawing his money lost \$5 under this rule. How much was his total profit? The value of his shares?

3. A co-operative bank has lent \$2,018,764. The average of small loans which it has made is \$30; the average of large loans is \$8,000.

- (a) Large loans have been made to homeowners. How many homeowners have received loans if 20% of the bank's loans have been small loans?
- (b) How many borrowers of \$30 each could have been accommodated?

4. A co-operative bank shareholder buys 12 shares, pays \$12 a month for four months, and then does not pay his dues for two months.

- (a) How much will his fine be at the rate given in problem 1 above?
- (b) How much will he have to pay at the next due date to start even again?
- (c) What per cent of the amount he would have to pay, as found in (b), would his fine money be?

5. A shareholder has 20 shares for which he paid \$20 at time of purchase and \$1 a share each month for 6 years 3 months.

- (a) How much has he paid in all?
- (b) How much has he paid on each share?
- (c) If his shares are worth \$1,702.40, how much of this sum is interest?
- (d) What per cent of the money he has paid in is the interest?
- (e) Does this per cent of interest seem to be higher than one usually gets on money lent at interest? Explain why this is so.

6. Referring to the co-operative bank table on page 341, answer the following questions :

- (a) How much did George Watson pay for his shares?
- (b) Why were there but six payments in the twelfth year?
- (c) How much interest or profit was added to Mr. Watson's payments?
- (d) How much did Mr. Watson receive from the bank when his shares were fully paid for? What per cent of this was interest?
- (e) How much interest was added to Mr. Watson's payments at the end of the first year? Second year? Fifth year? Eighth year? Eleventh year?
- (f) If Mr. Watson had taken his interest out each year, how many months more would it have taken to save \$2,000?
- (g) What was the value of each share at the end of the third year? The sixth? The eighth? The eleventh?

UNIT 37

COMMERCIAL BANKS

Services Rendered. — There are several kinds of commercial banks — state banks, national banks, and trust companies. Trust companies really are state banks, but they are listed separately because they have special functions to perform.

The *commercial* bank is found in all communities large enough to support a bank. It receives deposits from its customers and under certain conditions lends money to them and others when needed. People who have more money than they need at any time find it desirable to deposit their surplus money in a bank for safekeeping. A bank has large steel vaults in which money and valuable papers are kept. Large banks have special guards in the banking room at all times to protect their own money and that belonging to others. Thus money deposited is much safer than it is when kept in the home, store, or office.

This feature of safety is not the only reason that people put their money in banks. Those who have deposits in a bank may pay their bills by check, which often is safer and better than paying cash. As we shall see, a canceled check is a receipt for payment of money. Furthermore, having a bank account and paying bills by check may give one slightly better financial standing in one's community. It also enables one to become acquainted with bank officials who may be asked for financial advice from time to time as needed. Depositors also may borrow money from the bank in which they deposit, if their credit is good, or if they can give good security for a loan.

How to Open an Account. — While it is not absolutely necessary, it is desirable for a new depositor to be introduced by one who is known at a bank in which deposits are to be made. Banks like to know something about those with whom they do business. They even may require references of those who open accounts.

The first step in opening an account is to fill out a *signature card* such as is shown in Illustration 50.

After the signature card is filled out and the cashier or some other official has approved the new customer, a *bankbook* and *checkbook* are given him. These are for the depositor's convenience in making deposits and drawing checks.

The bankbook is merely a receipt book in which the bank's representative makes an entry whenever money is deposited. It really is a receipt for deposits as made.

The next step in opening an account is to make a *deposit*. This is done as follows: A *deposit ticket* should be filled out as is shown in Illustration 52. The

<small>AUTHORIZED SIGNATURES OF</small> <small>If my duly collected balance averages below \$200, you are authorized to charge my account \$1. a month.</small>	
To the UNION TRUST COMPANY, Canton, Ohio	
Signature	<i>Warren Hastings</i>
<i>March 14, 19--</i>	

ILLUSTRATION 50. BANK SIGNATURE CARD (FRONT)

Address <i>318 Marion St</i>	
Business <i>Druggist</i>	
Tel. No. <i>Main 3-2819</i>	
Introduced by <i>George Crawford</i>	
References <i>The above and Walter Smith</i>	
Box Renter <i>Yes</i>	
Remarks	Acct. taken by <i>A.M.S.</i>
<i>Credit rating good. Will recommend in business 20 years</i>	

ILLUSTRATION 51. BANK SIGNATURE CARD (REVERSE)

entry should be written as is indicated — paper money or bills first, gold next, silver next, and checks or money orders next. When out-of-town checks or money orders are deposited, it is best to indicate the city where the banks on which they are drawn are located. The name or number of the bank on which local or out-of-town checks are drawn will do. In the illustration the first check, for example, was drawn on a bank in New York, N. Y.; the other was drawn on the Boston National Bank of Boston, Mass. Sometimes depositors are asked to show the location of an out-of-town bank by using numbers assigned to it by the American Bankers' Association. These numbers appear on the blanks used in writing checks immediately after the bank's name.

When the deposit ticket is filled out, it should be taken with the bankbook and the cash to the receiving teller's window. The cash will be counted and the deposit ticket verified. If found correct, an entry will be made in the bankbook for the amount of the deposit. This book will then be returned to the depositor. In making a deposit, items deposited should be placed between the leaves of the bankbook in the order in which they appear on the deposit ticket.

Blank Endorsement. — All checks and money orders should be endorsed. This is done by writing the depositor's name on the left end of the back of checks or money orders, as is shown in Illustration 54. This is called *blank* endorsement. It is sufficient when endorsing checks just before handing them to the bank clerk for deposit. However, if a check so endorsed should be lost, the

It will be seen that Arthur Strang in whose favor this check originally was drawn has directed that it be paid to Charles Gray instead. This may be done when Arthur Strang owes Charles Gray and wishes to use this check in payment; or when Charles Gray consents to cash this check for Arthur Strang.

ILLUSTRATION 52. COMMERCIAL BANK
DEPOSIT TICKET

Illustration 55 shows this form of en-

[illegible]

ILLUSTRATION 53. COMMERCIAL BANKBOOK

Charles Gray may obtain cash for the check at his bank or at the one on which it is drawn. If he prefers to do so, he may endorse it to someone else.

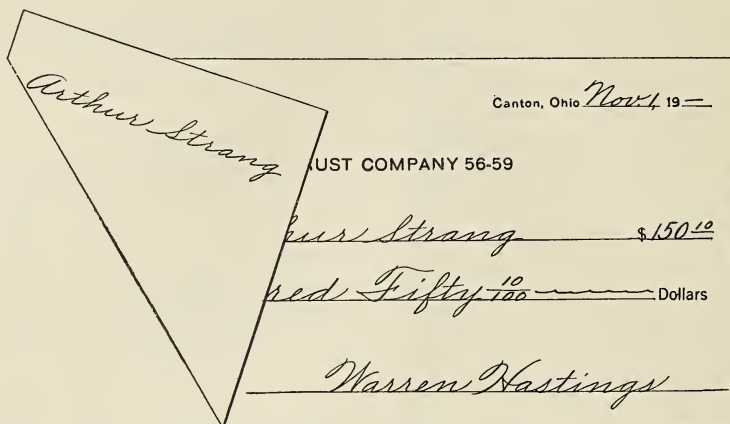


ILLUSTRATION 54. BLANK ENDORSEMENT

Restrictive Endorsement. — Another form of *restrictive* endorsement often is used. Arthur Strang wants to use the check shown in the illustration to pay a debt which he owes Oliver Brown instead of depositing it. Suppose that Strang does not want Brown to endorse this check to someone else and thus keep it from being presented for payment promptly at the bank on which it is drawn. By endorsing the check as follows, Strang prevents Brown from passing it on to anyone else except the bank :

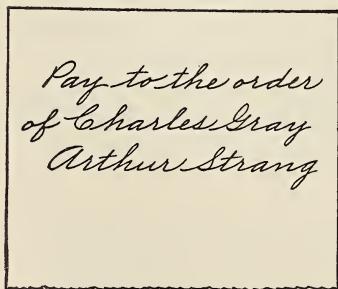


ILLUSTRATION 55. FULL ENDORSEMENT

Pay to Oliver Brown only
Arthur Strang.

Qualified Endorsement. — Ordinarily one who endorses a check is responsible for its payment. If it is not paid by the bank on which it is drawn, a rightful holder may look to any endorser for payment unless such endorser has used a *qualified* endorsement. If an endorser does not wish to guarantee

payment of the check, he should write the words "Without recourse to" above his name when he endorses it.

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How to do banking

1. What is meant by a commercial bank?
2. What kinds of commercial banks are there?
3. Why do people put money into a commercial bank?
4. Why is money safer in a bank than it is at home?
5. What is the advantage in having money in a bank and paying bills by check?
6. What services does the commercial bank render to a community?
7. What are the necessary steps in opening an account at a bank?
8. Why should references be required when one makes one's first deposit?
9. What is a signature card? How is it filled out, and why is it required by a bank?
10. What is meant by making a deposit?
11. How is a deposit made?
12. When depositing checks, what should be entered on the deposit slip to indicate the place where the banks on which the checks are drawn are located?
13. How should checks listed for deposit be arranged in handing them to the bank teller?
14. Before depositing checks and money orders, what should be done with them?
15. How are such instruments endorsed for deposit? Distinguish between the blank endorsement and the full endorsement, so as to show what is done in one case that is not done in the other.
16. When an instrument on which there is a full endorsement is received, what must the receiver do if he wishes to pass it on to someone else?
17. What is a qualified endorsement? How does it differ from the other endorsements we have mentioned?

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Here are a few additional words for your vocabulary. Study them carefully.

- | | | |
|-----------------------|---------------------|---------------------------|
| 1. <i>approve</i> | 6. <i>federal</i> | 11. <i>restrictive</i> |
| 2. <i>cashier</i> | 7. <i>guarantee</i> | 12. <i>signature</i> |
| 3. <i>endorse</i> | 8. <i>national</i> | 13. <i>signature card</i> |
| 4. <i>endorsement</i> | 9. <i>qualified</i> | 14. <i>sufficient</i> |
| 5. <i>endorser</i> | 10. <i>recourse</i> | 15. <i>trust</i> |

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1. Banks sometimes make what is called a service charge when a depositor's average daily balance falls below a certain amount, usually \$200. If your average daily balance is below \$200, the banker says it is not profitable to the bank to handle your account. The reason for this is that it costs the bank money to receive your deposits — perhaps several during the month — to furnish you deposit tickets and a checkbook, to record your deposits and checks, to pay cash to people who present checks drawn by you, to collect checks on other banks deposited by you, to render you a statement of your account each month, and to mail or hand this statement to you.

For this service the bank believes that it is entitled to about \$10 to \$12 a year. To be worth this much to the bank, your account should produce at least that much income.

- (a) Suppose your daily balance in the bank averages \$200, and that the bank lends it at 6%. How much will your account earn for the bank in a month?
- (b) If your daily balance for a month averages \$100 and the bank charges you \$1 a month service charge, how much does the bank actually get from your account if the bank lends your money at 6%? At 5%? At 4%?
- (c) In (b) how much more does the bank get at each rate per cent than it does in (a)? Is this fair to you? Explain.
- (d) In an account in which there are regular deposits but no balance at the end of the month, does the deposited money earn something for the bank?
- (e) If a service charge of \$1 a month is charged by a bank, does the bank get more than \$12 a year in practically every case?
- (f) How may one's daily average balance for a month be higher than \$200 in spite of the fact that at the end of the month there is no balance in the account?
- (g) Should a depositor who rents a *safe-deposit* box and pays the bank interest on fairly large loans be charged the service charge of \$1 a month if his daily balance falls below \$200? Explain. Think about this matter before answering.

2. Make deposit slips for the following deposits, using slips of paper on which you have written in the name of the bank and other information which you see on the deposit slip in the illustration, if deposit slips are not furnished you:

- | | |
|--------------------|-----------------------------------|
| (a) Two \$20 bills | (b) One \$10 bill |
| Five \$1 bills | Two \$5 bills |
| Three quarters | Twelve ten-cent pieces |
| Four halves | Fifteen pennies |
| Twenty pennies | Check for \$28 on Washington bank |

- (c) Three \$5 bills
- Ten \$1 bills
- P. O. money order, \$2.80
- Check for \$100 on Capital bank

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1. *Write these endorsements.*

- (a) You receive a check drawn by John Jones on First National Bank for \$100 in your favor. You deposit this check in your account at Citizens Bank.
- (b) You receive a check written by Walter Smith and wish to endorse it to James Mason in payment of a debt due him.
- (c) You receive a check written by Arthur Fuller and wish to have your father or some other person cash it at a bank and give you the money received for it.
- (d) If in (a) above there is no money in the First National Bank to the credit of John Jones when Citizens Bank tries to collect it, what will Citizens Bank do with the check?
- (e) Suppose you receive a check drawn by Walter Coapman on The United Bank, and you wish to endorse it to Albert Cross in such a way as to prevent him from endorsing it to anyone else. Write the proper endorsement.

2. Newtown, N. Y., May 15, 19 —

SAFE DEPOSIT AND TRUST COMPANY
 NEWTOWN, N. Y.

Pay to Charles Gaines, or order ~~~~~\$125.16
 One Hundred Twenty-five 16/100 ~~~~~Dollars

Henry Morgan

- (a) On what bank is this check drawn?
- (b) Who has money on deposit in that bank?
- (c) Who is the debtor (one who owes money) in this check?
- (d) Who is the creditor (one to whom money is owed)?
- (e) What will Charles Gaines probably do with this check when he receives it?
- (f) Before he can get the cash for it, what will he have to do?
- (g) Suppose he wishes to cash the check at his bank, The Fidelity Bank, and while in that bank endorses the check. Write proper endorsement.
- (h) Suppose he endorses this check at his home before he goes to the bank to cash it. Write a proper endorsement.
- (i) Explain why the endorsement in (h) is different from the endorsement in (g).
- (j) Suppose he wishes to hand this check to Gilbert and Ross in payment of a debt instead of cashing it at his bank. Write proper endorsement.

UNIT 38

USING CHECKS

The Checkbook. — A checkbook containing blank checks and a stub record form for recording each check as it is drawn is given to the depositor by the teller upon receipt of his first deposit. Whenever the depositor wishes to pay for something by check, he makes a record of the check on the stub of his checkbook, fills out a check form, and passes it to the person or firm whom he is paying. Illustration 56 shows the check and stub properly filled out before being removed from the checkbook. It is best to fill out the stub record before writing the check to avoid forgetting this record.

No. 397 <u>Nov 1, 19--</u> To <u>Arthur Strang</u> For <u>Radio</u>	No. 397 CANTON, OHIO, <u>Nov 1, 19--</u> <div style="text-align: center; font-weight: bold; font-size: 1.2em;">UNION TRUST COMPANY 56-59</div> PAY TO THE ORDER OF <u>Arthur Strang</u> \$ <u>150.10</u> <u>One Hundred Fifty 10/100</u> DOLLARS <u>Warren Hastings</u>
--	---

Bal. For'd		315.90
Amt. Dep.		133.68
Total		449.58
Amt. Check		150.10
Bal. For'd		299.48

ILLUSTRATION 56. A CHECK AND ITS STUB

Drawing Checks. — A check is an order on the bank to pay a certain amount of money to a person or firm whose name appears on the check, and to deduct the amount paid from the account of the one who draws it. Warren Hastings, who orders the money to be paid in the check shown in Illustration 56, is known as the *drawer*, since he draws the order. Arthur Strang, to whom Hastings orders the money paid, is called the *payee*, since he is the one who is to receive the money. Arthur Strang presents the check to the Union Trust Co. and receives \$150.10, the amount the bank is ordered to pay. The Union Trust Co. deducts \$150.10 from Warren Hastings's account.

In writing checks, great care should be taken to see that no mistakes are made. No corrections in the date, amount, or name should be made, as the bank on which a corrected check is drawn may refuse to pay it when it is presented. If a mistake is made in writing a check, it should be destroyed and another written.

Always begin writing the amount in words at the extreme left of the line indicated for this purpose. Draw a line through any space remaining between the end of the amount and the printed word *Dollars*. This will prevent what is called *raising the check*. A dishonest person may write the word *Hundred* after the word *Two* in a check drawn for two dollars if nothing is put in the unused space to prevent this. If the drawer has as much as \$200 in the bank, a dishonest person may get that much on the check which was drawn for \$2.

Businessmen use check-writing machines and special paper to prevent dishonest people from raising their checks to larger amounts. Individuals rarely use this machine for their checks unless the amount of money they are paying out is very large.

Presenting Checks for Payment. — A check should be presented for payment on the same day, if possible, on which it is received. If it is not deposited promptly, and the bank on which it is drawn fails in the meantime, the loss falls on the one who has held the check too long. One who holds a check drawn on a bank in a distant place has a reasonable time in which to deposit the check in one's own bank, and to have it sent to the bank on which it was drawn for payment. The main point to remember is that checks should be deposited promptly to avoid loss. It is unfair to the drawer of a check to hold it for an unreasonable time.

Stopping Payment on Checks. — It sometimes happens that the holder of a check loses it. In this case he should notify the bank of his loss, or notify the drawer of the lost check and ask him to *stop payment*. To do this, the drawer of the check notifies the bank on which it is drawn that it has been lost, and asks that it be not paid if presented. When this is done, a finder of the check cannot obtain cash for it from the bank on which it is drawn. A new check is drawn to take the place of the lost one. It is delivered to the person who lost the original check.

Record of Checks Drawn. — It will be noted in the illustration of the check and its stub that there is a form at the left for recording checks as written. In this record one should enter the number of the check, the date on which it is drawn, the name of the person in whose favor it is drawn, and for what payment is being made. There also is a place for the balance of cash in the bank at the time the check is drawn. Space is provided for entering additional deposits

DATE	Balance brought forward	C91 12
DEPOSITS		
Sept 15 ^{1st}	110.00	
29	48.58	158.58
Total		849 70
CHECKS DRAWN		
DATE Sept 25, 19— No. 44 \$	26.84	
PAY TO Henry Clarkson		
For Bicycle \$35 less allowance for old wheels \$8.16 = \$26.84		
DATE Sept 25, 19— No. 45 \$	2.30	
PAY TO Consumer Elec Co		
For Electric bill of 9/18		
DATE Sept 25, 19— No. 46 \$	10.00	
PAY TO R. B. Hoyle		
For September rent		
Total checks		69 14
Balance carried forward		780.56

No. 44 CANTON, OHIO, Sept 25, 19—

UNION TRUST COMPANY 66-69

PAY TO THE ORDER OF Henry Clarkson \$26.⁸⁴/₁₀₀

Twenty six &⁸⁴/₁₀₀ DOLLARS

Mary Chester

No. 45 CANTON, OHIO, Sept 25, 19—

UNION TRUST COMPANY 66-69

PAY TO THE ORDER OF Consumer Electric Co \$2.³⁰/₁₀₀

Two &³⁰/₁₀₀ DOLLARS

Mary Chester

No. 46 CANTON, OHIO, Sept 25, 19—

UNION TRUST COMPANY 66-69

PAY TO THE ORDER OF R. B. Hoyle \$40.⁰⁰/₁₀₀

Forty &⁰⁰/₁₀₀ DOLLARS

Mary Chester

ILLUSTRATION 57. THREE CHECKS TO THE PAGE

after the balance on hand has been brought forward. Next there is a place for the amount of the check and below that a place for the balance remaining after the check has been deducted from the amount in the bank. At the bottom of each stub record the amount is brought forward to the top of the next stub record. The form shown is called a *single-check* book.

Those who have fairly large amounts on deposit and who draw many checks prefer to use what is called a *three-check* book. A page from such a book is shown in Illustration 57. As each check is written, a proper stub record is made. It will be seen that the chief difference between the two books is that there are three checks to the page instead of one. This makes it unnecessary to forward a balance after each check is drawn. Only after three checks have been drawn does the balance have to be forwarded to the next page.

There are many forms of checkbooks, but the ones shown illustrate the general way in which all such books are ruled and used.

While the check record is a good record of checks as they are drawn, it is understood that amounts paid out in this way will be recorded in a cash book of some kind. It would be inconvenient to have to go back through the stubs

of a checkbook and pick out the amounts paid for different items to find out how much was paid for any one of them during a period of time. It is better to keep a cash record, as has been shown previously in this course.

Bank Statements. — Each month the bank prepares a statement of the depositor's account, so that he may see just how much balance there is in his account according to the records of the bank. If any mistake has been made during the month on either his part or that of the bank, it is best to correct it at once.

Some banks mail these statements to depositors. Others hold them to be called for by depositors. One should be obtained by a depositor each month.

STATEMENT OF ACCOUNT WITH					
UNION TRUST COMPANY					
CANTON, OHIO					
<i>Albert Rawlings</i>					
MARCH 19—			MARCH 19—		
CHECKS			DATE	DEPOSITS	DATE | BALANCE
			Balance brought forward		Mar. 1 119.76
			554.17		Mar. 1 673.93*
Mar. 3 350.00 — 25.00 —					Mar. 3 298.93*
.38 —					298.55*
Mar. 14 26.00 — 1.00 —					Mar. 14 271.55*
Mar. 17 50.00 —					Mar. 17 221.55*
			100.00		Mar. 18 321.55*
Mar. 20 5.35 —					Mar. 20 316.20*
Mar. 21 6.05 — 3.75 —					Mar. 21 306.40*
16.25 — 6.50 — 1.10 —					
Mar. 22 1.00 —					Mar. 22 281.55*
Mar. 23 100.00 — 4.00 — 23.43 —					Mar. 23 154.12*
Mar. 25 35.00 — 3.00 —					Mar. 25 116.12*
Mar. 31 2.00 —					Mar. 31 114.12*
<div style="display: flex; justify-content: space-between;"> <div style="width: 20%;"> <p>KEY</p> <p>LST = List</p> <p>COL = Collection</p> <p>RET = Return</p> <p>OD = Overdraft</p> <p>OO* = Closed Account</p> </div> <div style="width: 50%; text-align: center;"> <p>PLEASE EXAMINE AT ONCE</p> <p>IF NO ERRORS ARE REPORTED IN TEN DAYS ACCOUNTS WILL BE CONSIDERED CORRECT</p> <p>ALWAYS PRESERVE THIS STATEMENT AND CANCELLED VOUCHERS NOTIFY PROMPTLY OF CHANGE IN ADDRESS</p> </div> <div style="width: 30%; text-align: right;"> <p>The last amount in this column is your balance as rendered</p> </div> </div>					

ILLUSTRATION 58. BANK STATEMENT OF DEPOSITOR'S ACCOUNT

On March 1 a balance of \$119.76 was brought forward from the preceding page. On this same date Mr. Rawlings deposited \$554.17 which, when added to the previous balance of \$119.76, made a balance of \$673.93.

Each amount under the heading "Checks" is the amount of a check drawn by Mr. Rawlings and presented by someone for payment. For example, on March 3 the bank paid three of Mr. Rawlings's checks in these amounts: \$350, \$25, and \$.38. The sum of these three amounts subtracted from Mr. Rawlings's balance of \$673.93 left a balance of \$298.55 at the end of business on March 3. Thus it is seen that after checks have been deducted and deposits added, the balance on March 31 is \$114.12.

Reconciliation of Account. — Upon receipt of the bank's statement, it should be checked over to make sure that it agrees with the depositor's record. It often happens that some of the checks drawn and given to people whom the depositor owes have not yet been presented at the bank for payment when the monthly statement is prepared. Hence the money needed to pay them still is in the bank to the credit of the depositor. But the depositor subtracted the amount of each such check from his bank balance when he wrote it; therefore the balance on the stub of his checkbook will not agree with the balance as shown on the bank statement. When the bank's statement is sent to the depositor, his canceled or paid checks are returned to him. These may be compared with the checkbook stub record to see which ones have not been presented to the bank for payment.

The following steps may be taken to reconcile the checkbook and the bank's account:

1. Compare each returned canceled check with the stub record for it and place a check mark (✓) on each check and one on its stub record if they agree.

2. After all canceled checks have been accounted for, examine the stub record to see if any checks written have not come back to you from the bank. If any have not, it is because those to whom they were given had not yet presented them for payment when the statement was made up.

3. List the amounts of any outstanding checks and find the total of such checks. This usually is done in a convenient place on the checkbook stub near the last stub record for the month.

4. To the balance of your account, as shown on the stub of your checkbook, add the amount of checks outstanding, since these checks have been subtracted by you, but not by the bank. They have not yet been presented to the bank for payment. The result should be the same as the bank balance shown on the bank statement.

5. If the balances still do not agree, compare the deposits entered on the bank's statement with those entered on your checkbook stub, checking each as it is found to be correct.

6. The previous month's balance brought forward on the bank's statement and on your stub record should be compared and checked if they agree.

7. All additions, subtractions, and forwardings in your checkbook should be gone over to see if any mistake has been made.

8. Compare your canceled checks with the amounts on the bank's statement to see that all have been entered there correctly.

9. Verify the computations on the bank's statement.

The above procedure usually will bring the balances into agreement, but if it does not, take your bankbook, checkbook, canceled checks, and statement to the bank for comparison with their records.

A memorandum of the reconciliation of your bank account should be made on the back of the stub for the last check drawn for the month covered by the bank's statement of your account or in some other convenient place. The following shows a proper form of such a memorandum:

Reconciliation for March 31, 19-

Balance as shown on checkbook stub *\$114.12*

Checks not yet presented at bank for payment:

No. 39 *28.70*

No. 40 *16.40*

No. 42 *31.18,* *76.28,*

Balance as it appears on bank's statement *\$190.40*

ILLUSTRATION 59. RECONCILIATION OF BANK ACCOUNT

Since the balance as found on the checkbook stub agrees with the balance as shown on the bank statement minus the amount of outstanding checks, the bank's statement is said to be correct. One may then proceed to issue new checks, using the balance on the stub which has been found to be correct.

Checkbook and its uses

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1. What is a checkbook?
2. Where does a depositor in a bank get his checkbook?
3. Which should be written first, a record on the stub of the checkbook or the check itself? Explain why.

4. When an individual draws a check on a bank, what is he called?
5. What is the person called to whom the money is ordered paid?
6. When the bank on which a check is drawn pays the money called for in a check, what does it do with the account of the one who drew the check?
7. What should be done when mistakes are made in writing checks? Explain.
8. Is it not contrary to economic living and thrift to destroy a check just because a mistake has been made in writing it? Why shouldn't the mistake be corrected?
9. Where should the amount in words be written on the check? What precautions should be taken in writing this amount? Why should these precautions be taken?
10. What is a check-writing machine? Why do businessmen use it?
11. Why do not individuals who have small bank accounts and few checks use check-writing machines?
12. A young doctor performed an operation. For it he charged \$500 and was paid by check. He was so proud of the amount received for this operation that he kept the check two or three weeks to show to his young doctor friends. When at the end of nearly three weeks he deposited the check, he found that the bank on which it was drawn had failed and there was no money with which to pay the amount called for. Tell what was the probable result in this case and what the young doctor should have done.
13. Suppose you draw a check on a bank in which you have money and give it to James Rowley in payment for an article which you have just purchased from him. Later in the day you find that the article is not as he represented it, and that, therefore, you do not wish to keep it or pay for it. What steps could you take to prevent Mr. Rowley from getting the money on the check given him? Would it be proper for you to take these steps? Explain just what you would do and why.
14. Write down the things which should be recorded on the stub of the checkbook.
15. When a record is kept on the stub of the checkbook for each check drawn, is it necessary to keep a cash account also? Explain.
16. What is a bank statement? How often are bank statements rendered to depositors by a bank? Why are these statements desirable?
17. What is meant by the reconciliation of the bank account? When is a reconciliation made? Why are reconciliations not made oftener?
18. Why should the check stub be numbered to correspond with the number on the check?

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Ability to use these words will be of value to you. Give special attention to those you do not already know.

- | | | |
|-----------------------|------------------------|---------------------------|
| 1. <i>avoid</i> | 7. <i>drawer</i> | 13. <i>protective</i> |
| 2. <i>check</i> | 8. <i>extreme</i> | 14. <i>raise</i> |
| 3. <i>comparison</i> | 9. <i>mistake</i> | 15. <i>reconciliation</i> |
| 4. <i>computation</i> | 10. <i>notify</i> | 16. <i>statement</i> |
| 5. <i>correction</i> | 11. <i>outstanding</i> | 17. <i>stub</i> |
| 6. <i>dishonest</i> | 12. <i>payee</i> | 18. <i>teller</i> |

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1. How much have you left if you
 - (a) Open a bank account with a deposit of \$15; draw checks for \$2.50, \$4, and \$1.85, and make an additional deposit of a check for \$10.50 drawn by Arthur Wilson?
 - (b) Deposit \$24 more and draw checks as follows: \$10, \$3.80, \$2.95, and \$6.43?
 - (c) Deposit \$13.70 and withdraw for personal use \$8?
 - (d) Deposit \$12 more and are notified that the check for \$10.50 which you deposited in (a) was returned by the bank on which it was drawn marked "no funds"?
 - (e) Deposit \$18.10 and stop payment on the check for \$6.43 in (b)?
2. If the bank statement shows a balance of \$397.42 and the checkbook stub record shows the same amount, is there likely to be any outstanding check? Why?
3. If the bank statement shows \$625.10 and the checkbook stub record shows \$428.16, what is likely to be the cause of this difference?
4. Is the bank's monthly statement correct if
 - (a) It shows that you have a balance of \$355.50 on deposit, and your checkbook stub records show that you started out with a deposit of \$398.50; drew checks for \$20, \$9, \$14, and \$70.90; and you know that the check for \$70.90 has not yet been presented for payment by its holder? What would the balance be on the stub of your checkbook?
 - (b) It shows that the balance at the first of the month was \$44.16; that deposits during the month were \$42, \$27.50, \$19.16; that checks were drawn for \$21.14, \$12.18, \$9.75; and that the balance at the end of the month is \$89.75; but does not show that a fourth check for \$12.60 was

drawn by you, as this check has not been cashed? What would the balance be on the stub of your checkbook?

5. Make reconciliation statements like the one shown in Illustration 59, from the following figures:

- (a) Balance on bank's statement, \$394.42. Balance on stub of checkbook, \$289.64. Outstanding checks, \$54.70, \$12.08, \$38.
- (b) Outstanding checks, \$43.10, \$146.80. Checkbook stub balance, \$596.82. Balance on bank statement, \$786.72.
- (c) Checkbook stub balance, \$494.37. Bank statement balance, \$610.93. Outstanding checks, \$27.40, \$92.80. If there is an error, is it likely to be found in your record or in that of the bank? Why? How would you proceed to find it?

6. You may now go through the entire procedure of using a bank's checking service for one month, using the data given below. If workbook is not used, rule forms like the illustrations in the text.

- (a) Make out a signature card like the one in Illustration 50, using the form in your workbook.
- (b) 1st day, current month. Using a deposit ticket like the one in Illustration 52, page 347, except that you need not include the small print, and the bank's name is Central Bank, while the address is your own city or village, deposit \$250 in cash and a check on Fourth National Bank, Baltimore, \$118. Date the deposit the first day of the current month.
- (c) Enter your deposit on the stub of your checkbook. Rule one like Illustration 56, if workbook is not used. Head it *Central Bank*.
- (d) 2d day. Draw a check in favor of James Hayes for \$17.65 in payment for a bicycle just purchased from him.
- (e) 4th day. Make a deposit as follows: Cash, \$19.80; check on Fidelity National Bank, your city, just received from Olney Brown for work, \$4.95; and check on Central Bank, your city, just received from Arthur Walden for golf clubs sold him, \$12.50. Be careful not to omit any step in making this deposit.
- (f) 7th day. Draw cash for personal use by check, \$26.15.
- (g) 9th day. Draw a check to pay G. G. Arlington for carpentry work done for you, \$8.50.
- (h) 12th day. Deposit the following: Currency, \$12.42; check for \$61.80 on Central Bank, received from Henry Frasier for used refrigerator sold him.
- (i) 18th day. Draw a check for \$19.80 in favor of Charles Cook to pay him for gasoline and service on car for last month.

- (j) 20th day. Draw cash for personal use by check, \$25.
 (k) 25th day. Deposit cash, \$32.32.
 (l) 29th day. Pay Henry Calkins \$19.60 by check in settlement of his account to date.
 (m) 30th day. You receive statement from Central Bank as follows:

STATEMENT OF ACCOUNT WITH CENTRAL BANK
 (YOUR CITY)
 FOR MONTH OF (CURRENT MONTH)

CHECKS	DEPOSITS	DATE	BALANCE
	Balance brought forward		
	368 00	1	368 00
17.65		2	350 35
	37 25	4	387 60
26.15		7	361 45
8.50		9	352 95
	74 22	12	427 17
25.00		20	402 17
	32 32	25	434 49

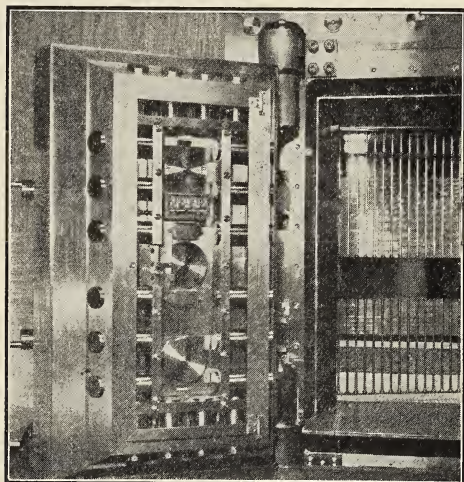
- (n) Make proper reconciliation of your bank account.

UNIT 39

OTHER BANKING SERVICES

Financial Advice. — Bank officials are supposed to be well informed regarding financial matters. Officers of a bank in which one is a depositor will be glad to assist him in connection with financial matters. They aid in making investments, selling securities, buying property, and in many other ways. If more people would consult their bank officials before making investments, there

would be fewer losses through unfortunate investments. Establishing a banking connection early in life is one of the best means of getting needed help in economic matters. A person who tries to live by sound economic principles should use the services of his bank to the fullest extent at all times. For medical advice, one goes to a physician; for legal advice, to a lawyer. For financial advice, one should go to one who is experienced in financial matters.



A bank vault.

Paul W. Davis

have valuables such as jewelry, bonds, and certificates of stock which they wish to put somewhere for safekeeping. There are two keys to each box. No box can be opened without the use of both keys. The bank keeps one, and the person who rents the box keeps the other. When the latter desires to open his box, or drawer, he makes his wish known to the proper person in the bank. He may be asked to sign a card showing just when and by whom the box is opened. The bank's key is turned in the lock of the box, and then the customer's

Safekeeping of Valuables. — Banks have what is called a vault. This is a burglarproof, fireproof room filled with little drawers that are rented to people who

key is turned. The box then may be opened. When the customer has finished with the box, it is returned to its place and locked. The charge for a box varies with its size. Small ones are adequate for most individuals and usually cost about \$5 a year.

It often happens that people who are going away on vacations desire to place their silverware and other valuables in the bank's vault. Such things are too large to be put into the ordinary safe-deposit box. Therefore they are placed in a suitcase or some other convenient receptacle and delivered to the bank for safekeeping. A bank official seals the receptacle in some way so that it cannot be opened by the bank's employees or others and gives the owner a receipt for it. A charge is made for this service. When the owner wishes his property, he presents his receipt and upon signing it in the proper place receives the articles he left for safekeeping.

Economic living requires that every precaution be taken against loss of property one has acquired. In these days when many burglaries are committed, it seems best to deliver valuables to banks for safekeeping when one is to be away for some time. Even though articles are insured, it is desirable to take this extra precaution. If insurance is sufficient to cover their entire value, there may be other reasons why the owner would not want to lose them. A housewife, for example, who has taken great pains to secure silverware of a special design, and who has received valuable gifts from friends, does not want to risk losing these things even though their money value can be recovered from an insurance company. Things one does not want to lose should be put where they are reasonably safe. Then, too, to invite robbery by leaving valuables in an empty house increases losses from this cause. More robberies lead to a higher cost of insurance. Hence it is best to put valuables beyond the reach of burglars when one is to be absent some time.

Certificates of Deposit. — One sometimes deposits money in a bank temporarily with no intention of drawing checks. In this case a *certificate of deposit* may be asked for. An illustration of such a certificate is shown on page 163. It is an acknowledgment by the bank that the one in whose favor it is made has deposited a certain amount of money in the bank. It also is a promise that this amount will be paid to the person who has deposited it, or to his order, whenever the certificate properly endorsed is presented.

A certificate of deposit may be used exactly the same as a check in the payment of a debt, although it is not regularly used for this purpose. One who wishes to use a bank for the safekeeping of money only temporarily may buy a certificate of deposit. One who wishes to use a bank permanently should open an account and pay bills by check.

Certified Check. — If you desire to send a check to a person who does not know you, it is best to have the check *certified*. The procedure is as follows: Make out a check in the usual way. Take it to the bank on which it is drawn and ask that it be certified. The bank official will look up your account, and if he finds that you have enough money on deposit to pay the amount called for in the check, he will stamp it "Good," or "Certified," with the date and the name of the bank on the face of the check. Then he will return the check to you. The bank official deducts the amount of this check from your balance so as to make sure that there will be sufficient funds on hand belonging to you when this certified check is presented for payment. After this is done, the bank assumes responsibility for the payment of this check. Anyone who is asked to accept the check in settlement of a debt will not hesitate to accept it, since nothing less than the failure of the bank on which it is drawn will prevent him from getting his money when he wishes it. In other words, the credit of the bank has been substituted for the credit of the drawer of the check. If the bank fails before the check is cashed within reasonable time, you will still be liable for the amount of the check; on the other hand, if the holder of the check has had it certified after receiving it, he will be the loser. Illustration 10, page 172, shows such a check.

Whenever you are asked to accept a check from someone whom you do not know, especially someone in a distant place, you should insist on having a certified check. A stranger who offers you a check in exchange for some valuable property you are selling him should be willing to give you a certified check if he is not known to you. This is a matter of great importance, and by insisting on having payment at all times in a form which you know will be good, you will lessen the risk of loss in connection with money transactions. No one in dealing with a stranger should object to a request that a check be certified.

Security. — There is reasonable security in depositing money in a commercial bank. If a person is depositing large amounts from time to time, he ought to take extra precaution to insure that the bank in which he is making his deposits is sound. There is a law at present under which the Federal Government guarantees depositors against loss through bank failures up to the amount of \$5,000. This law is a temporary one, but it may be made permanent later. All banks are examined by state or federal officials from time to time, but dishonest employees and officers have stolen money without being discovered even by those who make regular examinations of a bank's books. Therefore banks have failed and some may fail in the future. In general, however, it may be said that a well-established bank in any community may be trusted with reasonable deposits without special investigation to determine its soundness.

Trusteeships. — A *trust company* receives money on deposit from those who wish to give checks in payment of debts just as any commercial bank does. It issues certificates of deposit, pays interest on savings deposited in its savings department, and does the other things which any commercial bank does. A trust company also renders service in connection with the administration of the estates of people who have died. Many people state in their wills that a trust company named shall take charge of their property after their death, pay all legacies, debts, etc., and distribute any remainder as directed in the will. Experts in this kind of work look after all the details in handling an estate and see that everything is taken care of according to the law. A stated legal fee is charged for this service.

Trust companies also handle investments for people while they are living through what is known as a *living trust* agreement. Under this agreement the trust company receives a person's investment securities and other property and takes care of them during the remainder of his life or for a specified time. After the death of the individual who enters into such a trust agreement, his property is distributed in accordance with the agreement made. Usually a person may end such a trusteeship by giving notice that he wishes to do so.

Interest on investments is collected by the trust company and paid over to the other party to the agreement. From time to time securities are sold and new investments made. Through a living trust the owner of investment property is freed from all responsibility in connection with the collection of income and the investment and reinvestment of funds. This is a good form of investment service for those who have neither the time nor the ability to handle their own estates satisfactorily. Usually a per cent of the income of the property placed in the trust is charged for this service. The law regulates the amount that can be charged.

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How can a bank help you

1. When you are trying to decide what to do with money you have saved?
2. When you have something of importance to sell?
3. When you wish to buy property such as real estate?
4. When you are trying to make out a budget to guide you in your financial matters?
5. When you have a badly torn piece of paper money?
6. When you wish to give your mother \$2 for her birthday and desire to have a clean bill for this purpose?
7. When you want any kind of help in solving your financial problems?

Prevent the loss of valuables

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1. How may the bank assist you in preventing the loss of valuables?
2. What is meant by a vault? Describe briefly a bank vault.
3. How shall you proceed if you want to secure a bank's assistance in keeping valuables such as jewelry and valuable papers?
4. Why does a bank require that two keys be used when opening each safe-deposit box?
5. A bank official may require one who uses a box to sign a card when he opens it for any purpose. Why does he do this?
6. How large a box should one rent for one's personal use? Explain.
7. What is the usual cost of a small safe-deposit box?
8. What would you do with a suitcase full of silverware if you were going away in the summer and did not wish to take it with you?

What would you advise?

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A certain family had about three thousand dollars' worth of silverware which was kept in a suitcase in a closet off one of the bedrooms in the home. This silverware and all other contents of the house were insured. The family went away for the entire summer, and since the silverware was insured, decided not to take it to the bank. The argument was made that since the insurance premium had been paid, it would be contrary to economic living to pay an additional fee for its safekeeping at the bank.

Discuss this situation so as to show what you think about the matter from the standpoint of true economic living. Try not to overlook any feature of this case. Try to think not only of the owner of the silverware and the insurance company but of the community.

What would you do?

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Suppose you have a considerable sum of money but no bank account. You wish to avoid the risk of carrying this money with you for about two weeks when you expect to use it for some purpose. How could a certificate of deposit assist you in preventing possible loss of your money? Explain how you would proceed to use this certificate of deposit. Would it be better to buy a certificate of deposit than to open a bank account?

What should you do with the certificate of deposit two weeks later when you want to pay out the money which it represents?

Certified check and its uses**249**

1. What is meant by having a check certified?
2. How should you proceed to have a check certified?
3. Why is a certified check better than an uncertified one?
4. Under what circumstances should you ask one who is giving you a check to have it certified before you accept it?
5. Should you be offended if a stranger asked you to have one of your checks certified before accepting it? Explain.
6. What does the bank do after it has certified a check for one of its depositors?

Safety of bank deposits**250**

1. During the recent depression a large number of banks failed; that is, they were unable to meet the demands made by their depositors for money deposited. What has been done to prevent small depositors from losing money in this way?
2. What should one do before opening an account in a bank in which one expects to deposit rather large sums of money?
3. Is the fact that all banks are examined by state or federal officials from time to time a guarantee that no bank can fail to meet its obligations? Explain.
4. If the great majority of people live sound economic lives, that is, handle their affairs economically, will conditions be as likely to arise which will cause the failure of banks?

The bank as a trustee**251**

1. What is meant by a trustee? Look up this word.
2. When one dies leaving an estate, someone has to settle this estate, that is, collect all amounts owed to the deceased and pay all amounts owed by him. Why is it considered better by many people to have a trust company or bank perform this service than to have it performed by a friend or some other individual?
3. How is the fee which a trust company obtains for the service mentioned above determined?
4. Explain what is meant by a "living trust."
5. Under what conditions is a living trust desirable? How does it relieve the individual from anxiety and much trouble?
6. May a living trust be terminated at any time by either the bank or the one whose estate is being handled? How?

7. What does the bank really do for the person whose estate is being handled under a living trust? In other words, what services are performed in exchange for the fee which is obtained?

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What should you suggest that your mother do

1. If she has some money to take care of or invest, to make sure that she does not lose it through ignorance of financial matters?
2. If she has some valuables such as jewelry or silverware or something else which she will very much dislike to lose, when leaving her home unoccupied for a long vacation?
3. If she has no bank account and has \$500 which she wishes to keep safely about three months before she uses it?
4. If she has money in a bank and wishes to send a check to a distant firm with an order for goods and does not want any delay in getting the things ordered?
5. If she has \$10,000 and wishes to have it invested for her benefit in a way which will be safe and the least trouble or worry to her?

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Here are some more important words for your vocabulary. How can you make them yours?

- | | | |
|-------------------|---------------|-----------------|
| 1. administration | 6. issues | 11. settlement |
| 2. advice | 7. legacy | 12. trusteeship |
| 3. certify | 8. precaution | 13. valuables |
| 4. distribute | 9. receptacle | 14. vaults |
| 5. estate | 10. regulate | |

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1. A small safe-deposit box usually costs \$5 a year. If valuables worth \$500 are kept in such a box, what per cent of this value is the \$5 paid for the box?
2. If the box in the above case costs \$15 a year, how much will the per cent be increased?
3. If a bank, acting as trustee, charges 5% of all income received annually from the money invested in a *living trust*, how much will it receive on an estate invested as follows?
 - \$2,000 invested in a mortgage at 6%
 - 3,000 invested in a bond at 4%
 - 5,000 invested in a bond at 5%
 - 6,000 invested in a house rented for \$50 a month

4. If you have an investment of \$1,000 which pays 6%, and you pay 5% of the income to a bank for attending to the matter, what per cent do you actually receive on your investment?

5. Suppose Mrs. Brown owns a diamond ring valued at \$600 which she does not wish to wear all of the time. Burglary insurance on it would cost \$3.50 a year. A box at the bank would cost \$5 a year. Which would cost less? How much? What per cent of the value would insurance cost? What per cent of the value would the bank box cost?

6. A family has \$1,600 worth of silverware and \$2,400 worth of other household goods. Insurance on the contents of the home is for \$3,000. If the family is going away for a month in the summer, what should it do with the silverware? Why?

7. Suppose in the above case the insurance had been for \$4,000. Would your answer have been the same? Explain.

8. If a bank charges \$6 to store a box of silverware a whole year, and \$3.75 for six months, what per cent of the cost of a year's storage is saved by taking the yearly rate?

9. An elderly woman has \$40,000 which is invested in several different enterprises. She has had no business experience and therefore has lost 20% of the money she once had through unwise investments during the past five years. How much did she have at first? How much has she lost? What has been her average annual loss?

10. The above woman wishes to avoid such losses in the future if possible. How can a bank help her?

11. Suppose her investments produce \$2,200 a year and that the bank charges 5% of the income for its services. How much of the \$2,200 will the bank get? How much will the woman receive? Over a five-year period how much will the bank receive? How does this compare with what the woman lost during five years?

12. What per cent of \$40,000 is \$2,200? After paying the bank for its services, what per cent does the woman receive on her total fund?

13. A certain trust company has acted as trustee for Mrs. James Waltham for the past five years. Monthly accounts of income and expenses and fees are rendered by the company. During the past six months the following statements received by Mrs. Waltham contained items as follows:

January 6, Dividend on 15 shares Electric Co. stock at \$.50 a share

" 25, Interest for one year on \$200 mortgage bond at 5%, less \$.03 tax

" 30, Interest on \$1,000 Public Service Co. bond, six months, at 5%

February	1, Dividend on 20 shares American Mfg. Co. stock at \$4.75 a share
"	1, Interest on \$1,000 Telephone Co. bond at 5% for six months
"	5, Interest on \$500 Gas & Electric Co. bond at $5\frac{1}{2}\%$ for six months
"	20, Dividend on 30 shares Continental Oil stock at \$.25 a share
March	2, Interest on \$500 Textile Mfg. Co. bond at 6% for six months
"	3, Interest on \$1,000 Eastern R. R. bond at $4\frac{1}{2}\%$ for six months
"	4, Dividend on 20 shares Empire Bldg. Co. stock at \$.45 a share
April	1, Interest on \$1,000 United Light Co. bond at 6% for six months
"	4, Dividend on 100 shares Eastman Co. stock at \$2 a share
"	6, Interest on \$3,000 Western R. R. bond at 4% for six months
"	7, Interest on personal note of Arthur Gilmore, \$2,500, at $5\frac{1}{2}\%$ for six months
"	30, Deducted interest on \$1,900 loan to the estate at 5% for six months
May	2, Dividend on 50 shares Anaconda Co. stock at \$.50 a share
"	5, Dividend on 120 shares Southern Oil Co. stock at \$.60 a share
"	25, Interest on \$2,500 General Service Co. bond at $4\frac{1}{2}\%$ for six months
June	15, Interest on \$1,500 New Era Co. bond at $5\frac{1}{2}\%$ for six months
"	20, Dividend on 300 shares Excelsior Mfg. Co. stock at \$.45 a share
"	30, Deducted for storing securities, \$5.50

- (a) What was Mrs. Waltham's actual income for the month of January if she paid the trust company 5% on all income collected?
- (b) For the month of February?
- (c) For the month of March?
- (d) For the month of April?
- (e) For the month of May?
- (f) For the month of June?
- (g) What was Mrs. Waltham's net income for the whole period of six months?

PART VII

PREVENTION OF LOSS IN ECONOMIC LIVING



H. Armstrong Roberts

One reward of economic living — a monthly insurance check which banishes financial worries in old age.

UNIT 40

INSURANCE NECESSARY TO ECONOMIC LIVING



Property loss and a means of compensation.

Need for Insurance. — Everyone should know something about insurance, as practically everyone needs insurance of some kind. Each individual should know the purposes of insurance and what plan will best serve his needs. Otherwise a person is likely to buy insurance that does not give him the protection he expects. We shall, therefore, consider some of the principles underlying all insurance and discuss a few of the more important kinds of protection which insurance gives.

Every person who owns any kind of perishable property may lose that property in one way or another. It may be stolen. It may be destroyed by fire, earthquake, flood, or by some other means beyond his control. Buildings are burned, automobiles are wrecked beyond repair, plate-glass windows in stores are broken, steam boilers blow up, jewelry is stolen; in fact, the ownership of almost any kind of property involves some form of risk, which means chance of loss.

There also is a certain kind of economic or financial risk involved in almost every human life. Every person is in danger of being killed or injured by accident. This causes financial loss to the individual or to his family. People become ill and unable to attend to their regular duties, thus causing financial

loss through inability to earn. Those who drive automobiles are in danger of injuring others and becoming liable for damages. This means financial loss. Every homeowner is assuming some financial risk in connection with property kept in his home. There is always a possibility of fire, or theft, or some other form of property loss. Insurance is merely a device which makes it possible for people to share risks in such a way as to help one another in case of loss by any of the group.

Examples of Risks. — A man may work hard many years to save enough for the purchase of a home. A short time after he becomes established in it, fire destroys it. His whole life savings are wiped out, unless he can recover some of his loss.

Another person may have saved a few thousand dollars and deposited it in a savings bank. While driving his automobile he may injure another person accidentally. The fault may not be his, but the damage done may be charged against him by a court of law, because he is unable to prove that he is not at fault. Damages of several thousands of dollars in such a case may use up his life savings. No one can afford to run such a risk.

The head of the family is responsible for its support. A young man may be responsible for the support of his parents. In such a case, loss will result to the family through the death of its head. Almost every man wants to protect his family against the loss of support which would occur through his death. Insurance is the means by which he may accomplish this purpose.

Sickness which will prevent one from earning money may wreck the economic living plans of an individual and of his family. No individual can afford to take the risk involved in any such possible loss of income. It is necessary to insure oneself against such loss by any means available. The effect on one's economic living plans of such large and unexpected losses as have been mentioned is easily understood.

Sharing of Risks. — The only way in which an individual can protect himself against such losses is to join with others in sharing such risks. This is accomplished by forming a company or association into the treasury of which each person insured pays a certain amount each year. By this means a large fund is accumulated. From it a loss sustained by any member of the group is paid. Some members of the group will have no losses at all, but other members are sure to sustain damages to person or property. It is better for those who have no losses to pay a small amount each year toward damage sustained by others than it is to risk the destruction of property value far beyond that which they can afford to lose. Also, it is wise to pay a small amount each year for the satisfaction of knowing that one's dependents will not suffer immediate want

in case of death, permanent illness, or any other interference with one's earning ability. It is worth while to pay a small amount each year for the peace of mind that comes from knowing that one's whole economic program is not to be upset by some unexpected loss of property or earning power. Even those who have no property losses through sickness, accident, fire, or theft really get something for the money which they pay. They know that they are protected against certain losses which might upset their plans for obtaining economic security. They are not paying their yearly premiums for nothing. Insured people who do have accidents, sickness, or unexpected losses of property are able to maintain their economic program in spite of their losses. A family that is properly protected by insurance will be able to go ahead with its economic program even though the head of the family dies or otherwise becomes unable to earn money for its support. There is something fine in this whole idea of mutual insurance — a number of people joining together to protect one another against losses of various kinds.

Cost of Insurance. — The amount of money each insured person has to pay into the common fund each year depends on the amount which must be paid out of the fund each year. This is determined by the losses members of the group have sustained and the cost of running the business. Since insurance companies have had many years of experience, they are able to estimate very accurately how much must be paid for losses and what the cost of doing business actually will be. When unusual losses occur, or expenses are unusually high, it may be necessary to change the amounts charged for new insurance. However, a rate of payment once agreed upon in a contract between the insurance company and the insured person must be maintained throughout the life of the contract. It may not be increased. Assessment companies charge a certain amount each year and reserve the right to change this amount from time to time if necessary. But what are known as *old-line* insurance companies do not change their rates from year to year for those who are insured. They may, however, change their rates for the new insurance policies which they issue. Most insurance companies charge approximately the same rates. Therefore, the cost is not a serious consideration in determining from which company to buy insurance. The standing of the company and the service it can and does render to its policyholders should be taken into consideration in buying insurance.

In our discussion of budgeting no special provision was made for insurance. This item may be included. Where none is made, it is customary to include insurance payments under the heading of savings. In most life insurance there is an element of saving. Therefore the premiums may be charged to the savings item. But, as will be seen later, the full amount paid is not saved.

For automobile insurance, accident insurance, fire insurance, and other forms of insurance which do not bring any return to the person insured except in the case of loss, premiums paid each year probably should be charged to miscellaneous expenses. Where insurance payments are large enough, it is better to include a special item for these payments. When insurance premiums are paid quarterly, semiannually, or annually, they should be provided for in the budget. A proper amount should be set aside each month to make sure that payments can be made when due. No budget — personal, family, or business — should be made without taking into consideration the necessity for insurance of some kind.

What May Be Insured? — Wherever there is risk of loss, there is something that can be insured. This rule holds good quite generally. Any property the destruction of which may cause loss should be insured. Any person's life may be insured if he meets certain conditions prescribed by insurance companies. Automobile drivers may insure against loss caused by accidents for which they may be responsible. Employers may have to pay their employees for damages sustained through accidents while in their employ. They may insure against this risk. Businessmen may insure against loss through bad debts — those which cannot be collected. Those who organize fairs, baseball games, expositions, etc., may insure against loss due to bad weather. People may insure their jewelry, silverware, household goods, etc., against loss by theft. Wherever there is risk of loss, there is likely to be a kind of insurance to protect against it.

Who May Insure? — Any owner of property may insure against loss. One who is not the owner of property in one's possession may insure against loss through its destruction. A person may not insure the property of another, however, when its destruction would not cause loss to the individual desiring to insure. One may insure the life of another only when his death would cause loss to the one seeking insurance. For example, if Smith owes Brown money, Brown may insure Smith's life, since the death of Smith might cause Brown to lose the money owed him. All that it is necessary to remember is that one may insure only lives and things the destruction of which would cause him loss. The insured person, of course, must furnish certain information about himself, and therefore his consent is necessary. It may be added that a person may insure his own life on the theory that his death will cause loss to his estate and to those who are dependent upon him.

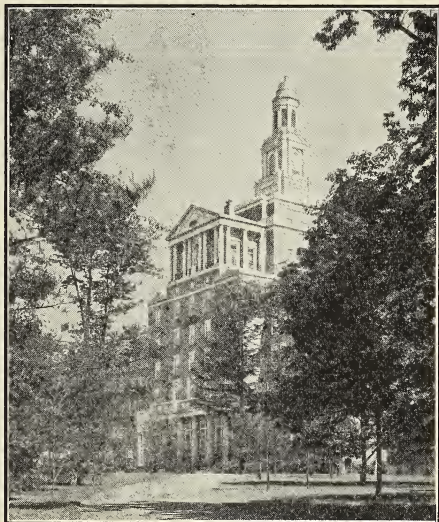
Insurance Contract. — When insurance is taken out, a contract is entered into between the insurance company and the person who is being protected against loss. The insurance company is called the *insurer*, and the person who is protected is called the *insured*. The contract between these two parties is called the *insurance policy*. In case of loss, settlement will be made exactly in

accordance with the terms of the policy. No one has a right to change the terms of a policy, and therefore everyone should be sure that he understands exactly what his policy says. He should not leave it to agents or other persons connected with the insurance company to tell him what is said in his policy. This is no reflection on the integrity of insurance salesmen or officials, but it simply means that what is said may be misunderstood. The only way to be sure of what is promised by the company is to read and understand the policy issued by it.

The person for whose benefit the life-insurance policy is taken out is called the *beneficiary*. It is the beneficiary who is to receive the money in the event of the insured's death. A beneficiary often is a third party to the transaction and has certain rights under the policy issued. It is customary for a person who takes out life insurance to reserve the right to change the beneficiary at any time. The estate of the insured may be the beneficiary.

Care of Policy. — An insurance policy is a valuable piece of property. Fire-insurance policies and other similar policies should be kept in a safe place where they will not be destroyed in case the property insured is destroyed. For example, an insurance policy on one's house should be kept in a safe place outside the house. A safe-deposit box in a bank is a good place for such a policy. If it is in the house and is destroyed, the insurer should go to the insurance company and explain the matter. The company will have a copy of the policy, and settlement will be made in accordance with it if the company is a reliable one.

Life-insurance policies, accident policies, and health policies may be kept in a safe place in the home. There are copies of such policies on file in the offices of the insurance companies that issued them. Such policies should be known to some individual other than the insured, so that in case of his death or sudden illness someone may take the necessary steps to recover the insurance money promised in the policy.



Ewing Galloway
Aetna Life Insurance Company Building, Hartford, Conn.

Unclaimed Insurance. — Every large insurance company is holding a great sum of money for those who are entitled to it under insurance contracts but who have not claimed it. In many cases a person dies without anyone's knowing that he has insurance on his life. He may have moved about from place to place, failed to keep the insurance company informed as to his whereabouts, or neglected to tell those who are entitled to his insurance that he has it. The insurance company must retain unclaimed insurance money until there is no further possibility of finding those who are entitled to it. From the standpoint of economic living, it is important that members of the family, relatives, or friends shall know about life-insurance policies that have been taken out for the benefit of others; otherwise, these policies may never be of assistance to those for whom they were intended.

How Much Can Be Recovered? — In insurance against loss through damage to or theft of property, the policyholder can recover only as much as he actually can prove he has lost, but never more than the amount called for in his policy. Therefore, besides being dishonest, it does not pay to insure a thing for more than it is worth. To do so merely causes the payment of larger premiums than necessary to pay for the insurance needed to protect the owner against loss.

When loss occurs, the insured must file with the insurance company a paper called "Proof of Loss." While it is comparatively easy to insure a piece of property for more than it is worth, it is comparatively difficult to prove that it is worth more than it really is. Property should be carefully appraised and only as much insurance taken out on it as is necessary to protect against actual loss because of its damage or destruction.

A householder should carry insurance on his furniture and other household effects as well as on his house. To determine just how much insurance he needs to carry, he should take an inventory of what he has. In such an inventory he should list all of his household property with the value of each article, taking into consideration its original cost and its present condition. A copy of this inventory should be kept outside the house, so that in case of fire it can be used to prove the exact amount of the owner's loss. One cannot be too careful about this matter. If the insured cannot show how much he actually has lost, he cannot recover from the insurance company. He may have to stand the entire loss. This, as has been shown, may seriously interfere with his plan for economic living. See Illustration 17, page 246, for inventory record form.

In the case of life insurance and health insurance, the amount which can be recovered is stated definitely in the policy. No other amount can be recovered. It is not a case of proving how much has been lost by reason of death or sickness, but of proving that sickness or death actually happened.

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Importance of insurance

1. What has insurance to do with economic living?
2. What is meant by the term "protection" in connection with insurance?
3. What kinds of property may be insured?
4. What are some of the causes of loss that may be insured against?
5. What does the term "risk" mean in connection with insurance?
6. Describe some of the risks taken by people who drive automobiles.
7. If a person is a very careful driver and therefore has had no accidents, is there any need for him to carry automobile insurance?
8. How does illness affect one's plans for economic living? What can insurance do to protect one in this matter?

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Sharing risks

Children at play sometimes meet with accidents as a result of which they are unable to attend school. In such cases it may be desirable for one who has to remain at home for a week or two to have private instruction so that he may keep up with his classes. This private instruction costs money.

Suppose pupils in this class desire to share the risk of injury and inability to attend school. Explain how a small insurance company might be formed and just how funds to meet the need for individual or private instruction for any member of the group could be obtained under an insurance plan.

What would be the chief difficulty in setting up a small insurance company of this kind? Would it be easier to do this if all the pupils in the school were included in this enterprise? Explain why.

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Cost of insurance

1. What determines the cost of insurance of almost any kind?
2. Why are the rates for automobile insurance going up all the time?
3. Why are the rates for life insurance not changed so frequently as are those for automobile insurance?
4. How does it happen that most life-insurance companies charge approximately the same rate?
5. In what kind of insurance is there a real saving for the future even though the loss insured against does not occur?

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The insurance policy

1. What is meant by an insurance policy? By whom is it given? To whom is it given? What is the purpose of an insurance policy when taking out insurance?

2. What is the insurance company called in the policy? What is the person called who takes out the insurance?

3. Suppose an agent, in discussing a life-insurance policy, tells you that he will see to it that some statement in the policy is omitted in your case. Will his promise have any effect on the policy issued by the company if this statement is left in the policy?

4. What should you do with a policy before you actually pay the premium or cost of it?

5. Where should a fire-insurance policy be kept? A life-insurance policy? A health or accident policy?

6. Is it a good plan to keep the fact that you have taken out life insurance a secret and let no one know anything about it? Explain.

7. In the policy, what name is used for the person for whose benefit a life-insurance policy is taken out?

8. May the insured change the beneficiary, if he wishes, without the present beneficiary's consent?

259

How much insurance?

1. Should you insure your house for more than it is worth? Explain.

2. Suppose you have your house insured for more than it is actually worth, and it is destroyed by fire. How much can you obtain from the insurance company?

3. A man buys a house for \$16,500. He finds that it is insured for \$24,000. He is asked to have this insurance transferred to him and to carry it to the end of the period for which it was written.

(a) What is the probable reason that it is insured for so much more than its sale price?

(b) Should you advise that the \$24,000 of insurance be continued? Explain.

4. In the case of fire insurance, what steps should be taken to recover insurance immediately after a fire has taken place?

5. What is meant by taking an inventory of one's household goods before insuring them? Why should this be done? Where should this inventory be kept? Why?

Fire loss our responsibility**260**

1. This country's annual loss from fires is \$263,000,000. Someone says, "Businessmen pay this loss." Do they?
2. How do automatic sprinklers affect rates? Why?
3. Are fire-insurance rates higher or lower in the country than they are in the city? Why?
4. What determines the rates which people pay for fire insurance?
5. Are only those who have fires interested in fire-insurance rates?
6. How can rates be reduced? Mention at least two ways.

Can you explain these statements?**261**

1. Where there is property, there is risk.
2. Where there is risk, there should be insurance.
3. In the matter of insurance, "It is better to be safe than sorry."
4. No one should drive an automobile without insurance against loss due to an accident in which another person is injured.
5. Modern insurance is a co-operative business. There is no finer example of co-operation among people for their common economic good.
6. People who have no fires really get something for the fire-insurance premiums they pay.
7. It is not necessary to be injured in an accident to get something for the accident insurance premiums one pays.

The family budget and insurance**262**

1. What kinds of insurance are needed by nearly all families?
2. Is it better to make special provision for insurance premiums in a budget, or is it better to enter such payments under *miscellaneous*?
3. Find out how long fire-insurance policies usually run before they are renewed. Can the rates be changed for a policy while it is in force? When it is being renewed?
4. What is the relationship between life insurance and the *savings* item in a budget?

Who may insure?**263**

1. Make a list of risks of loss which can be insured against.
2. Who may insure a piece of property, such as an automobile, for example? Of course the owner may, but who else may do so?

3. Who may insure a man's life? Several people may. Who are they? Why may they do so?

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These words are important and should be added to your vocabulary. Always try to spell and tell the meaning of each word before giving it special study. Save time by studying only those not already understood.

- | | | |
|-----------------------|----------------------|-------------------------|
| 1. <i>annually</i> | 6. <i>insure</i> | 11. <i>policyholder</i> |
| 2. <i>assessment</i> | 7. <i>insured</i> | 12. <i>premium</i> |
| 3. <i>beneficiary</i> | 8. <i>insurer</i> | 13. <i>recover</i> |
| 4. <i>inability</i> | 9. <i>perishable</i> | 14. <i>risk</i> |
| 5. <i>insurance</i> | 10. <i>policy</i> | |

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1. A house valued at \$25,000 is insured in two insurance companies. Company A has issued a policy for \$15,000 on this house, and Company B has issued a policy for \$5,000 on it. It is understood that each will pay its proportionate share of any loss. It is destroyed by fire. How much should each company pay? How much will the owner lose? What per cent of the value of the house will he lose?

2. Suppose that the insurance companies agree to pay only such a per cent of any partial loss as their insurance is of the value of the property insured. In the above case, how much will Company A pay if fire damages the house to the extent of \$10,000? How much will Company B pay? How much will the owner lose?

3. In a certain state, owners of automobiles must insure themselves against loss through injury to people caused by an accident.

(a) For a car of a certain size this kind of insurance costs \$27.50 a year. Gas, oil, and repairs for this car in the hands of an average owner cost \$101.50. What per cent of the total operating cost is paid for insurance?

(b) A change in the law has been proposed which will reduce the cost of insurance 30%. What would insurance on the above car cost at the new rate?

4. A certain automobile owner does not take out insurance on his car. He has \$10,000 worth of property. He has an accident and is sued for personal injury in the amount of \$5,000. He has to pay 40% of this amount to settle the case. How much does he pay? Should he have paid the \$38 required for insurance? Why?

5. A fire-insurance company charges all of its policyholders a proportionate share of its losses and expenses each year. Losses for the past year amounted to \$295,000; expenses amounted to \$29,742. The total amount of insurance in force is \$6,494,840.

(a) What will be the rate per cent which must be collected to make up for expenses and losses paid?

(b) How much will a man who has his house insured for \$9,850 pay?

6. Suppose you have the following property :

Household goods	cost \$1,590
House	cost 6,850
Garage	cost 450
Jewelry	cost 280

How much insurance should you carry if the household goods are worth 82% of the original cost, the house is worth 90% of its cost, the garage is worth 75% of its cost, and the jewelry is worth 98% of its cost?

7. What would be the cost of the above insurance at a rate of \$.50 per \$100 for each year, if a three-year policy is taken?

8. If your annual income is \$1,500, what per cent of it will be spent for this insurance? How much should be set aside for fire insurance each month?

UNIT 41

KINDS OF LIFE INSURANCE

Importance. — It has been shown that life insurance is important for the head of a family and also for an individual. Insurance relieves the head of the family of the anxiety caused by the thought that those dependent upon him may be without support in case of his death. An individual who is not the head of a family and who has no one dependent on him should insure himself against the risk of becoming dependent upon others in later life when his earning power ceases. Protection of oneself against want in old age is quite as important as is protection of one's family.

Since the cost of life insurance is dependent largely on the age of the person insured, there is advantage in taking out insurance at an early age even though there are no dependents. Also, as will be seen from our brief discussion of the various kinds of insurance policies, there is a *savings* feature in some of these policies in addition to the *protection* feature.

There are several kinds of life-insurance policies. Each has its special purpose. We shall consider the more important kinds briefly.

Term Insurance. — It sometimes happens that a person wishes to be insured for a certain time, say ten years. He may take out what is known as a *term* policy. According to the terms of this policy, if the insured dies within the period specified, an amount stated in the policy will be paid to his beneficiaries or to his own estate if he so specifies. This is the lowest-cost type of insurance as the period for which it runs is rather short and very definite. The likelihood of his living for the five- or ten-year period for which he is insured is greater than it is that he will live for the longer period for which other forms of insurance policies are issued.

With this kind of policy, however, when the period for which it is written ends, the person no longer is insured. If he still needs insurance, as he probably will, it will be necessary for him to take out new insurance and at a higher premium because of his advanced age. Therefore, in most cases when it is possible, some other form of insurance probably should be purchased.

Term insurance sometimes is taken out to protect one to whom money is owed. When the debt is paid, the need for insurance ends. Also, a person

forty years of age may decide to take term insurance for a definite number of years, say to the age of sixty-five, in the belief that by that time he will have acquired a sufficient amount of property to maintain himself and those dependent on him during his old age. The rate for term insurance being smaller, it is possible to carry a larger amount of it and thus provide a larger amount of protection while savings are being accumulated for old age.

It should be added that term-insurance policies often are written with the understanding that if at their expiration date the insured wishes to continue the insurance in some other form, he may do so by paying the increased premium rate without taking another physical examination. In other words, although he is not insurable because of physical defects at the expiration of his term policy, he may take out and continue to carry some other form of insurance better suited to his needs at that time.

Ordinary Life Insurance. — This kind of policy, sometimes called straight life policy, provides that the insured shall pay to the insurance company a certain amount regularly as long as he lives. The insurance company, in exchange for this money, agrees to pay to his heirs or to anyone else whom he may designate, a certain amount of money upon his death. The premiums paid for this kind of insurance, as for other kinds, may be paid monthly, quarterly, semi-annually, or annually. Next to *term* insurance this kind of insurance costs least.

Limited Payment Insurance. — In this contract a person whose life is insured agrees to pay a certain amount every year for a limited number of years — ten, twenty, thirty — if he lives that long, and the insurance company agrees to pay his heirs, or anyone whom he may name, a certain sum of money at the time of his death, whenever that occurs. This contract differs from the ordinary life-insurance policy in that the annual payments, or premiums, continue for only a stated number of years instead of through the whole life of the insured person. It is different from the endowment policy in that the insurance company does not pay the amount of the policy until the insured person dies. In other words, the insured may not collect the insurance at the expiration of the period during which premiums are to be paid. For this reason this form of insurance costs less than endowment insurance. The advantage of this type of insurance over ordinary life insurance is that the payments for it are made during the more productive years of the insured's life, thus doing away with the necessity of paying premiums in old age when earnings may be very much smaller.

Endowment Insurance. — In this contract the insured agrees to pay a certain amount of money regularly for a certain number of years — ten, fifteen, twenty, twenty-five, or thirty — if he lives that long. The insurance company

agrees to pay his heirs, or anyone he may name, a certain sum at his death should that occur before the expiration of the number of years stated in the policy. If he is living when the term stated in his policy has passed, the company will pay the amount promised directly to him. This kind of insurance therefore provides for the insured in his old age as well as for his dependents in case he dies before the policy matures. This kind of insurance costs more than other forms of insurance, since the money actually must be paid by the insurance company at a stated time regardless of whether or not the insured person is still living. Ordinarily it is better to take another form of life insurance at a lower annual cost and save the difference through a savings bank account.

Annuity Policies. — Annuity insurance policies provide that the insured will receive a stated amount annually beginning at a stated time, providing payments agreed upon in advance have been made. Premiums as paid are invested



She insured against old-age want.

by the insurance company, and the income from these investments is credited to the account of the owner of the policy. This kind of insurance does not require a physical examination. In a sense it is a form of investment and not insurance at all.

Premiums for annuities may be paid each year for a number of years, at the end of which time annuities

will begin; or a single larger premium may be paid, and annuities begin at the end of the first month. An elderly person who has a rather small amount of money and wishes to invest it in such a way as to bring the largest return with safety should consider annuity insurance. Recently an elderly man living in New York was found to be without the necessities of life. Upon investigation it was found that he had \$5,000 in cash. On this amount he was receiving 5%, or \$250 a year. It was impossible for him to live on this amount of income. He was advised to invest his \$5,000 in an annuity. He did so and now receives \$900 a year instead of \$250. This high rate of income is possible because the insured is old and the insurance company will not have to pay these annuities many years. If this man dies before he has received all of his \$5,000, the balance of it will belong to the insurance company. If, on the other hand, he lives to receive \$6,000, the insurance company will have to make up the difference of \$1,000. A smaller annuity may be taken with the understanding that any unused balance of the amount given the company will be paid to a named beneficiary.

The rate for an annuity policy of this kind is based on the normal expectation of life of people of different ages exactly as premiums are determined for other kinds of insurance. During the recent depression many people found that their funds were very low because of losses which they had sustained in various forms of investments. Many people who before the depression had enough income to support themselves find it difficult to live on the income which they now receive. Often the investment of the balance of their property in an annuity will provide them with the necessary means of support for the remainder of their lives.

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Do you believe these statements?

1. A person need not bother about life insurance until he has someone besides himself to protect.
2. Money paid for life insurance always is only an expense.
3. A man who has considerable property needs no life insurance.
4. One has to die to get any benefit from a *life*-insurance policy.

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What kind of life insurance?

1. How does *term* insurance differ from the other kinds discussed?
2. When should one take term insurance instead of one of the other kinds?
3. Distinguish between *ordinary* or *straight life* insurance and *limited payment* insurance.
4. For a given amount of premium, which of the two kinds mentioned in 3 will give the greater protection? Explain.
5. Mention an advantage in taking limited payment insurance at an early age.
6. Distinguish between a *twenty-year limited payment* policy and a *twenty-year endowment* policy. Which costs more? Why?
7. What is an *annuity* policy or contract?
8. Why have *annuity policies* or *contracts* become more popular since the beginning of the economic depression which started in 1929?

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Which kind of life insurance will be best

1. For a man twenty-five years of age who cannot afford to spend much on insurance just now, who has a family to support, who has saved little, and who expects a much larger income in about five years?

2. For the head of a family, forty years of age, who wants as much protection for those dependent on him as he can get for the amount of money he can spend on insurance?

3. For the man twenty-two years of age who wants some protection for his family, but who also wants a fairly large amount in cash to use when he is forty-two years old, if he lives that long?

4. For a man twenty years of age who wants to be sure that he will have his insurance all paid for when he is forty years old?

5. For the man forty-five years of age who earns a large income, who has enough insurance and property for the protection of his family, and who wants to retire when he is sixty-five years old?

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The following vocabulary will help you to understand and talk about insurance, if you make it yours.

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|------------------------|-----------------------|--------------------------|
| 1. <i>advanced age</i> | 6. <i>expectation</i> | 11. <i>physical</i> |
| 2. <i>annuity</i> | 7. <i>expiration</i> | 12. <i>straight life</i> |
| 3. <i>contract</i> | 8. <i>heirs</i> | 13. <i>term</i> |
| 4. <i>endowment</i> | 9. <i>necessaries</i> | 14. <i>term policy</i> |
| 5. <i>examination</i> | 10. <i>ordinary</i> | |

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1. The quarterly premium on a certain life-insurance policy is \$41.20. If paid annually, the premium would be \$160.50. Which is better for the policyholder if he can pay his premiums either way? What per cent better?

2. Mr. Jones purchased an annuity contract for \$2,500 a year for eleven years, at the end of which time the insurance company agreed to pay him \$200 a month for life. How much would he pay in eleven years?

3. Suppose Mr. Jones in 2 above lives twenty-five years after taking out this contract. How much will he receive from the insurance company? How much more than he has paid the company will he receive? What per cent more?

4. Suppose Mr. Jones lives fourteen years after taking out this contract. How much less than he has paid will he receive? What per cent less?

5. Did the insurance company receive some money on this contract other than that paid by Mr. Jones? Did the contract really cost Mr. Jones more than \$2,500 a year? Explain.

6. How could the company afford to pay Mr. Jones as much as they did in 3 above?

7. Suppose Mr. Jones died eleven years and ten days after he took out the contract. How much would he have received back from the company? Why should the company keep the remainder of what he had paid in?

8. A twenty-payment life-insurance policy at a given age costs \$32 a thousand, and a twenty-year endowment policy at the same age costs \$44 a thousand. How much more does one cost than the other? What per cent more? If a man has \$440 a year to spend for insurance, how many thousands of endowment insurance can he get for it? How many thousands of twenty-payment life insurance? Which will give his family the greater protection? Which will give him a larger amount at the end of twenty years if he is still living?

9. The premium for a \$5,000 twenty-payment life-insurance policy is \$42.50 quarterly. At the end of the third year a dividend of \$30 is paid on this policy.

- (a) How much has been paid in by the end of the third year?
- (b) What per cent of money paid in does the dividend represent?
- (c) How much will be paid in by the end of ten years?
- (d) How much will be paid in by the end of twenty years?
- (e) How much will be paid in by the end of the fifth year?
- (f) If the insured dies at the end of the fifth year, how much will his beneficiary receive?
- (g) How can the insurance company afford to pay the \$5,000 upon the death of the insured if death occurs at the end of five years?

UNIT 42

KINDS OF COMPANIES AND COST OF INSURANCE

Mutual Insurance. — A *mutual* insurance company is one in which there are no stockholders or owners other than those who hold its insurance policies. Policyholders are the stockholders of the business. At the end of the year whatever profits have been made from the business are distributed to the policyholders in the form of *dividends*. Each policyholder shares according to the amount and kind of insurance he has in the company and the length of time for which he has carried it. These dividends are payable in cash. However, the insured may leave his dividends with the insurance company to draw interest until the policy becomes a claim and the company pays the amount called for to the insured or to the beneficiary.

It also is possible for the insured to use his dividends as partial payment of his premiums. If his premium is \$100 a year and his dividend at the end of any year is \$20, this \$20 may be applied on his next year's premium. This makes it necessary for him to pay but \$80 in cash. Or the insured may decide to purchase additional insurance with his cash dividend. There are many ways in which dividends can be used. One should find out just what they are and decide to use them in whatever way will be best, having in mind his own plan for economic living and his immediate financial needs.

Stock Company. — In such companies there are *stockholders* to receive the profits. In most other respects insurance in such companies is exactly like insurance in mutual companies. However, premiums are paid without expectation of dividends. In other words, whatever profits are made by the company are distributed to stockholders who have invested their money in the company, and not to policyholders who have taken out insurance. Stock company insurance usually sells at a little lower premium than does mutual company insurance. However, because of the dividends the insured obtains from mutual insurance, it may happen that in the end mutual insurance costs him less. The point that should be made here is that the lower rates of stock insurance companies are not actually so much lower than mutual rates as they appear, since the latter will be reduced by dividends distributed to policyholders each year.

Both types of insurance, stock and mutual, are good if the company is well organized and well managed. Each person must decide for himself which type of company he prefers.

Cost of Life Insurance. — The cost of life insurance is based on the experience of insurance companies in insuring the lives of people. According to the experience of life-insurance companies, of any hundred thousand people ten years of age, an average of 749 will die each year. The expectation of life of people ten years of age is 48.72 years. By this is meant that on the average people ten years of age will continue to live 48.72 years. Some of these people will live to be ninety; some will live to be only twenty; a few will die at ten years of age. However, since the average person of ten years will live 48.72 years, in determining the insurance premium which must be charged for insuring such people, it may be assumed that on the average ten-year-old persons will live that long. The premium for people of this age necessarily will be low instead of high, because at least 49 premiums will be collected for each one insured.

It has been found that, on the average, people ninety-five years of age will die at that age. Only three of the original hundred thousand ten-year-old persons will live that long. The premium for an individual ninety-five years of age, therefore, would be exceedingly high. If a person ninety-five years of age should insure his life for \$1,000, it is reasonably certain that this \$1,000 must be paid to his heirs during the first year for which he is insured. Thus it will be seen that an insurance company would have to receive approximately \$1,000 as the premium if it were to insure the life of a person ninety-five years of age. It can be seen that very few policies, if any, are issued for people of such advanced age.

A young person gets his insurance at low cost because he is expected to live longer than older persons and pay more premiums. The insurance company will have the use of his money longer.

Since insurance companies have been in existence for many years, their records of insurance policies issued and matured reveal the facts which are the basis of insurance premium rates. These records are very accurate, and from them the exact amount which the insurance company must collect each year from each individual who is insured can be quite accurately determined.

All money paid to an insurance company above the amount needed for expenses, including the payment of losses as they occur, is invested at the highest rate which can be obtained without great risk of loss. State laws determine in what investments insurance companies may place their money and in other ways prescribe how this business, which is of such great importance to many people, shall be conducted. It is partly because of this governmental supervision that insurance is comparatively safe even in times of economic depression.

Cash Surrender Values of Policies. — Almost every regular life-insurance policy has what is known as a *cash surrender value*. A certain amount of money is put aside for each policy as a *reserve*. It is not necessary to go into details as to just how this reserve fund is maintained. All that is important is to know that if it becomes necessary to give up an insurance policy at any time because of inability to pay the premium, or for any other reason, cash can be obtained in return for the policy. The amount depends on the kind of policy, premium paid, and the length of time the policy has been in force. Furthermore, the same amount which can be taken in exchange for the surrender of the policy may be borrowed from the company and used for premiums, upon payment of interest for its use. This is called *loan value*. Money may be borrowed for other purposes also. Thus, while paying premiums for life insurance, one really is accumulating savings. It should be added that, except in cases of great emergency, funds accumulated through life insurance should not be borrowed. On the other hand, it is a comfort to know that these funds are available when needed. If they are taken in the form of a loan, interest will have to be paid; therefore this becomes a debt which, while it can be canceled at any time by surrender of the policy, really results in economic loss because of interest paid. People should, as far as possible, avoid creating obligations on which they must pay interest. Interest is an expense and a charge against income. Like all other expenses, it should be carefully considered as a possible hindrance to economic living.

It should be pointed out that the amount one may take in cash or borrow from an insurance company on a policy is less than could be withdrawn from a savings bank if the money paid in premiums had been deposited in such a bank. However, during the time these deposits are being made there is no protection for the individual or his family beyond the amounts actually deposited. The difference between what can be withdrawn from an insurance company and what can be drawn from a savings bank account represents the cost of protection the insured person has had. This is something of real value and therefore must be paid for.

How Insurance Money Is Paid. — Reference has been made in a number of places to the obligation of the insurance company to pay the money called for in an insurance policy to the estate of the insured or to a person whom he may designate. Unless something is said to the contrary in the policy itself, the payment of this money upon the death of the insured, or at the expiration of the endowment period if it is an endowment policy, will be made in a single sum.

If the insured person decides that it will be better for those dependent on him if the insurance company retains the money and pays a certain amount

each year to his beneficiaries, he may direct the company to make payment in this way. For example, he may direct the company to pay one twentieth of the amount, plus any interest which may be earned by the unpaid balance, to his beneficiary each year. At the end of twenty years the amount will be entirely paid. Or he may direct the company to pay a certain amount agreed upon to the beneficiary during her (the beneficiary's) entire lifetime, even though it may extend beyond the twenty-year period. It may be agreed also that in case the total amount due from the insurance company is not paid to the beneficiary before she dies, the balance of a certain number of payments, perhaps to make twenty in all, will be paid to a third person or to the heirs of the beneficiary.

If an annuity is provided for during a period of twenty years, for example, this plan may leave the beneficiary without income when she is old and in need of it. It therefore seems better in most cases to leave an annuity payable during the life of the beneficiary. This will be somewhat smaller each year, but it will continue to the end of her life and thus be a protection at a time when she most needs it, instead of being cut off at the end of twenty years, as would be done in the case of the twenty-year annuity plan of payment.

There are other ways of making insurance payments. The most important thing is for the insured person to know that he may direct how the money is to be paid to his beneficiary and provide for such payment in the policy itself. From an economic standpoint there are many reasons why it often is better to have insurance paid in annual installments, called an annuity, than it is to have payment made in a single sum. When a single sum is paid, it becomes necessary for the beneficiary to invest it, and in doing so she may make many mistakes. When the money is left with the insurance company and paid annually over a period of years, or during the lifetime of the beneficiary, the insurance company is responsible for its investment. Its experience in this matter is greater than that of the average individual, and therefore its investments are much safer. It must be remembered that the insurance policy is a contract and that whatever is agreed upon between the insured and the insurance company must be carried out by the insurance company at the death of the insured.

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Things to think about

1. Explain briefly the difference between a mutual insurance company and a stock insurance company.
2. What becomes of the profits of the business in a mutual insurance company?
3. Who gets the profits in a stock insurance company?

4. Which kind of company charges the larger insurance premium at the time insurance is taken out?

5. Does insurance in a mutual insurance company really cost more than in a stock company? Explain.

6. A person whose life has been insured may live only a short time after taking out insurance. He may have paid but one premium at the time of his death. This premium may have amounted to only \$25, but the insurance company pays his beneficiaries \$1,000. In a general way explain how an insurance company can do this.

7. There are several ways in which an insurance company agrees to pay money to the beneficiaries of one whose life has been insured. What are the two most common ways in which this money is paid?

8. Explain why it is sometimes better to have insurance money paid in the form of an annuity — a certain amount each year for a specified time or during the life of the one receiving it.

9. How can one know just what plan will be used in paying this money? In other words, how can the beneficiary know which way the money is to be paid?

10. Is it somewhat more certain that insurance payments of the kind mentioned will be paid than it is that the amounts promised investors for ordinary investments such as stocks and bonds will be paid?

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The following words should be studied and added to your vocabulary. They are common insurance terms, and to understand people who talk about insurance, you should know how these words are used and exactly what they mean.

- | | | |
|---------------------|---------------------|---------------------|
| 1. <i>designate</i> | 3. <i>loan</i> | 5. <i>partial</i> |
| 2. <i>heir</i> | 4. <i>mortality</i> | 6. <i>surrender</i> |

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1. A mutual automobile insurance company advertises that for the past twenty years a 30% return has been made on all premiums paid to the company for automobile insurance. Concerning fire and theft insurance this company says: "We pay a dividend of 50% by eliminating the moral hazard and agents. Everyone gets a square deal. Suggest a good friend to us. We will treat him right." The company does not solicit business. It takes only certain kinds of risks. Not everyone who applies may insure with the company.

- (a) The premium for an automobile registered in Boston, Mass., in 1935 is made up as follows: Statutory coverage (compulsory insurance), \$61; extraterritorial coverage (when away from Boston), \$4; property damage (to property of others), \$20. What is the total premium?
 - (b) If a 30% return is made at the end of the year 1935, how much will the insured receive as a dividend?
 - (c) How much does his insurance actually cost him?
 - (d) The policy states that in case of unusual losses, the insured may be liable not only for the amount he has paid in his premium but for an additional assessment not exceeding the amount of his premiums. If unusual losses occur and it becomes necessary to make this assessment, how much will the insured pay for his insurance?
 - (e) What per cent of his premium will he pay as an extra assessment?
 - (f) Would you insure with a mutual company? What would you take into consideration before placing insurance with such a company?
2. The insurance premium in a stock company is somewhat less than it is in a mutual company, but no returns are made to policyholders in the form of dividends. Stock companies guarantee all losses.
- (a) Mr. Arliss pays \$68 for his insurance in a mutual company. He receives a 30% dividend. Mr. Williams pays \$52 to a stock company for the same insurance. Which would have the cheaper rate? How much? What per cent?
 - (b) If the dividend rate changed to 20% in any year, which would have the cheaper insurance for that year? How much? What per cent?
 - (c) If, in one year, the mutual company made an assessment equal to 50% of the premium paid, which would have the cheaper insurance for that year? How much? What per cent?
 - (d) If there was only the one change in dividend rate (as in *b*) and only one assessment by the mutual company (as in *c*), at the end of ten years which would have paid more for his insurance? How much? What per cent?
3. A young man at the age of twenty-three took out a \$5,000 twenty-payment life-insurance policy. He agreed to pay \$42.75 quarterly.
- (a) The insurance company declared a dividend of \$30 after the policy had been in force two years and continued this dividend each year. How much was paid in by the end of the tenth year?
 - (b) At the end of ten years, the policy has a cash surrender value of \$200 per thousand of insurance. How much is gained or lost if the policy is canceled and the cash value taken at that time?

- (c) What per cent is gained or lost?
 - (d) This same policy has a cash surrender value of \$81 per thousand at the end of five years. Taking into consideration the dividend, how much will be gained or lost by cancellation at the end of the fifth year?
 - (e) What per cent?
 - (f) Does it pay to cancel policies? Explain fully.
4. The paid-up life-insurance value of the above policy at the end of five years is \$219 per thousand.
- (a) If the insured finds himself unable to pay premiums at the end of five years, how large a paid-up policy could he get? Will he benefit by taking this paid-up policy instead of the cash surrender value?
 - (b) Compare the amount actually paid in with the amount of paid-up insurance. Which is greater? What per cent?
 - (c) Compare the cash surrender value with the paid-up value. Which is higher? How much? What per cent?

UNIT 43

SPECIAL PROVISIONS OF LIFE-INSURANCE POLICIES

Waiver of Premiums. — For a small additional premium an insurance company is willing to give up its right to receive premiums on a policy in case the insured is permanently and completely disabled so that he cannot work. This is a good provision to have in a policy, because it makes sure that in case of permanent disability one's insurance may be continued in force without further premium payments.

Rights if Policy Lapses. — In many insurance policies it is provided that if a premium is not paid when due, the policy will lapse or become void after a certain length of time, usually thirty days after failure to pay the premium. This means that for the payment of each premium thirty *days of grace* are allowed. If the premium is paid at any time within that thirty days, the policy is continued in force without further physical examination of the insured or any other requirement.

When a policy is allowed to lapse for nonpayment of premiums, the policyholder has certain rights, some of which already have been explained.

Cash Surrender Value. — It has been shown that a certain amount of cash can be had upon surrender of the policy to the company. This surrender value also may be taken when a policy has been allowed to lapse for nonpayment of a premium.

Paid-up Policies. — If the policyholder prefers, he may receive a *paid-up policy* for a smaller amount than that which was promised in his original policy. If he takes this form of settlement, he will have to pay no more premiums, and upon his death his beneficiary will receive the amount called for in this new policy.

Extended Insurance. — Another right which the policyholder has is to accept what is called extended insurance. Under this plan the company retains the cash surrender value and applies it on the old policy to keep it alive as long as this amount of money will pay for it. In other words, his insurance will continue in full force for a stated amount of time in years, months, and days. If the insured dies at any time before the expiration of this period, his beneficiaries will receive the full amount of the policy. If he dies after the period has ended,

his beneficiaries will get nothing, because the policy is not in force after the expiration of the period of extended insurance.

Renewal of a Policy. — A person may renew a policy which has lapsed by paying the unpaid premiums that are due and proving by physical examination that he still is insurable from the standpoint of health.

Automatic Feature. — It usually is provided that one of the rights just described is *automatic*; that is, if the insured does not indicate which of the rights he wishes to exercise when his policy lapses, one of them will go into effect automatically. In some policies extended insurance is the one which is automatic. In that case the policy will remain in force for the extended insurance period without any notice on the part of the insured. In other policies the automatic feature is paid-up insurance. In this case, a new policy for a smaller amount will be issued for the old one.

The important thing is that every policyholder should know which one of these features is automatic. If it is not the one he wishes to exercise in case it becomes necessary for him to let his policy lapse, he should let the company know his wishes. In this matter as in all other financial transactions connected with economic living, one should know what his rights are and then exercise these rights so as to secure the best possible result from any business transaction.

Often a man dies leaving an insurance policy which has lapsed some time in the past. Not knowing that extended insurance is the automatic feature, he has supposed that the policy no longer is of any value. His heirs may discover the policy and upon investigation find that it is in full force; but too often the discovery is not made, and therefore the beneficiaries do not receive what is their right unless the insurance company discovers that the insured has died and makes payment in accordance with its own understanding of the contract. Remember that the policy is a contract which should be understood by both parties to it.

Change of Beneficiary. — It is a good plan for all young people to take out some life insurance when they first start to earn a regular income. Many young people are aided to save money in this way. At the same time they help to protect their families. Insurance taken at a comparatively early age and made payable to parents may later be made payable to the insured's wife or husband upon marriage.

While insurance should be considered early, it should be remembered that only as much should be purchased as can be carried safely within the limits of one's budget. It is bad practice to take so much insurance at an early age, or in fact at any other age, as to run the risk of its becoming a burden under normal earning conditions. Insurance is like every other economic matter; it should

be considered carefully and should be purchased with full knowledge of its cost and benefits. A reliable insurance agent should be consulted when the time comes to buy insurance. Questions should be asked freely, and all that is necessary to be known about the matter should be learned, so that disappointment will not result later. The policy should be read carefully until it is understood. It is a contract and will determine just what will be done at the time of settlement.

Application Is Part of Policy. — When you apply for any kind of life insurance, you will fill out an application blank on which certain questions are asked. Your answers to these questions will be a part of the policy when it is written. If you misrepresent the facts, with intent to deceive the insurance company and in such a way as to affect its rights, the policy will be *null* and *void*. Even incorrect statements which you think are the truth will make the policy void if they affect the degree of risk and are discovered within a reasonable time, usually two years, after the policy is taken out. Even after a longer period misstatements as to age will affect the policy. All questions should be answered truthfully, not only because it is right to do so, but because you are cheating yourself by not doing so. If you do not know the answer to a question, you should find out what it is before you try to write it.

Physical Examination. — After you have filled out an application blank, the agent will arrange for a health examination by a physician representing the insurance company. The purpose of this examination is to discover whether or not you are insurable; *i.e.*, whether or not you are a good risk physically. If the physician finds that you have some physical disability which may tend to shorten your life, he will so report, and in all probability your application will not be accepted at once, if at all. If the physician finds that your family history contains a record of some disease which is supposed to be hereditary and which later may develop in your case, he will so report, and this will affect the acceptance of your application.

It must be remembered that insurance companies are unusually careful in selecting the people whom they will insure. Consequently, when one is rejected by an insurance company, it need not necessarily be a cause of worry regarding one's health. Rejection should, however, be taken as a suggestion that one should consult one's own family physician and take whatever steps may be necessary to put oneself in good physical condition.

Sometimes it is a good thing to have a physical examination by one's own physician before making application for insurance and submitting to a health examination by the insurance company's physician. There may be a temporary physical disability which will be considered of sufficient importance to justify

rejection of an application. Such a disability, if taken in time, may be eliminated by proper treatment. When this has been accomplished, an application for insurance may be made. The point is that an application once rejected tends to make it a little more difficult for one to secure insurance later. If there is any doubt about one's physical condition, it is better to clear it up before making application for a policy.

The Government and Insurance. — Insurance companies, as has been shown elsewhere, are required to invest money which is entrusted to them in what are regarded as safe investments. The government has something to say about investments which can be made by such companies. At present there are many billions of dollars' worth of insurance in force. This insurance represents the savings of hundreds of thousands, even millions, of people over a long period of time. These savings are more important to most people than are the savings which they have in banks. Therefore it is of the utmost importance that nothing shall be allowed to happen which will endanger the financial standing of insurance companies. The government is very watchful and alert regarding this matter. People who have insurance policies likewise should be careful to see to it that nothing happens to lessen the value of the insurance which they have. There probably is no other way in which the economic security of the people of our country can be affected more seriously than by permitting anything to happen to the financial standing of life-insurance companies and savings banks. Both of these institutions operate under government supervision. Both represent the savings of millions of people. Both are necessary to the development of sound economic community life. Both are indispensable to individual economic security.

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Of interest to buyers of life insurance

1. A person who is permanently disabled and unable to work will find it difficult to pay his insurance premiums. How can he make sure that these premiums will be taken care of though he is permanently disabled?

2. What is meant by "days of grace" in connection with insurance premiums? How much time usually is allowed?

3. Is it a good plan to take advantage of days of grace and not pay an insurance premium until a month after it is due when that much time is allowed? Explain.

4. Suppose a man who has an insurance premium due on the first of a certain month lets the premium go unpaid until the 29th of the month, when he is injured in an accident and is unable to give the matter attention. No one

else knows about the premium, and at the end of the month of grace it is not paid. What happens to his policy?

5. What is meant by *cash surrender value*?

6. How can an individual know how much cash he is entitled to if he has to give up his policy because he cannot pay the premium?

7. Suppose a policyholder who must give up his insurance says he will take a "paid-up policy." What does this mean? Will the amount of this policy be as large as the amount of the policy given up?

8. In some insurance policies, if a man fails to pay his premium, the insurance company will apply the cash surrender value toward keeping his policy in force for a certain length of time. What is this plan called? In the case of a man who is disabled just before the last day on which he can pay his premium, would it have been a good thing if this form of settlement had been made by the company under the policy? Explain.

9. Is it possible to renew a policy after it has lapsed or been declared void? Explain how this is done.

10. It is said that one of the methods of settlement described above is "automatic." What does this mean? Is it important to know which one is automatic? Why? How can this be known?

11. Who is it that determines who shall be the beneficiary of an insurance policy? Can this beneficiary be changed at any time if the insured person reserves the right to do so?

12. What is meant by an "application" in connection with insurance?

13. Why is it important to be very careful in filling out an application for insurance?

14. Before anyone can obtain ordinary life insurance, what does the company want to know about him? How does it find out what it wants to know?

15. If a person knows that he has some temporary ailment, should he postpone applying for life insurance? Why? If he is in doubt about his physical condition, what should he do before making an application?

16. What does the government have to do with life-insurance companies? What does this have to do with the safety of investment in insurance?

17. Are all insurance companies equally good? Does it make any difference in what company insurance is taken out? Will it cost the same in all companies? Should a person investigate before applying for insurance if he has his own economic interests in mind?

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Would you have been like these people?

It was recently announced in one of our cities, where about 15,000 people were on "relief" due to the depression (in other words, these people were receiving money from the city for their support), that many of them could be taken off the relief lists, because it had been discovered that they owned insurance policies on which they had stopped paying their premiums. It was found that many of these people gave up paying premiums when they had no money for this purpose. They did not know that their policies had any value. In fact, they all thought that since they were not paying their premiums, the policies were no longer worth anything to them, since it is generally understood that when one fails to pay a premium, one's insurance is discontinued.

- (a) Can you explain why these policies had value for their owners even though they had discontinued paying their premiums?
- (b) What should they have done when they found they could not continue paying insurance premiums?
- (c) The insurance companies discovered that these people had failed to do what they should have done and took steps to pay them the amounts due them. Why did the insurance companies do this?

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This word list should be studied carefully. Consult the dictionary if necessary. Be sure that every word is well enough understood to enable you to use it properly.

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|-----------------------|-------------------------|----------------------|
| 1. <i>application</i> | 7. <i>hereditary</i> | 13. <i>reliable</i> |
| 2. <i>automatic</i> | 8. <i>indispensable</i> | 14. <i>renewal</i> |
| 3. <i>disability</i> | 9. <i>lapse</i> | 15. <i>treatment</i> |
| 4. <i>disappoint</i> | 10. <i>misstatement</i> | 16. <i>void</i> |
| 5. <i>extended</i> | 11. <i>null</i> | 17. <i>waiver</i> |
| 6. <i>grace</i> | 12. <i>reject</i> | |

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1. In 1901 Mr. Brown took out an insurance policy on which he agreed to pay \$101.56 a year for twenty years. Then his insurance was to be fully paid up. In 1920 he paid his last premium. In 1926 he needed money and decided to take his cash surrender value and cancel the insurance, as he had taken other insurance to protect his family. He received in cash \$1,662.74.

- (a) At the rate of \$101.56 a year, to how much did Mr. Brown's premiums amount between 1901 and 1920?
- (b) During that time the company paid Mr. Brown dividends in cash to the amount of \$341.95. What was the actual amount paid in cash by Mr. Brown?
- (c) From 1920, when Mr. Brown stopped paying premiums, to 1926, when he took the cash due him, the company paid him additional dividends in cash to the amount of \$194.27. Deducting these dividends from his cash payments, how much did Mr. Brown actually pay for his insurance?
- (d) In 1926 he received \$1,662.74 in cash. Did he get back more or less than he had paid for the insurance? How much?
- (e) If Mr. Brown received back more than he had paid the insurance company, did he get his insurance for twenty-five years for nothing? Explain.
2. Below is the record kept by Mr. Wallace, who took out a twenty-payment life-insurance policy for \$2,000 in 1915 at the age of thirty-seven. His annual premium was \$76.88.

YEAR	DIVIDEND	PREMIUM LESS DIVIDEND	ADDED TO CASH VALUE	GUARANTEED CASH VALUE
1915	None	76.88		73.44
1916	11.96		73.44	
1917	12.66		49.02	
1918	14.88		52.26	
1919	14.16		55.96	
1920	15.00		57.70	
1921	15.76		59.48	
1922	16.56		61.34	
1923	17.36		63.22	
1924	21.30		65.15	
1925	22.00		67.16	
1926	24.26		69.20	
1927	25.16		71.32	
1928	26.10		73.52	
1929	28.56		73.94	
1930	29.60		76.30	
1931	30.68		78.94	
1932	31.80		81.74	
1933	30.48		84.82	
1934	23.64		72.80	

- (a) What was the annual rate per thousand paid for this insurance?
- (b) At the full annual rate of \$76.88 for this \$2,000 policy, how much would Mr. Wallace have paid in cash for this insurance?
- (c) During this time, the insurance company paid Mr. Wallace how much cash in dividends?

- (d) What was the actual cash outlay made by Mr. Wallace?
 - (e) How much actual cash did Mr. Wallace send the company in 1916 if his dividend was deducted from his premium payment?
 - (f) How much cash surrender value did the policy have in 1916?
 - (g) How much did Mr. Wallace actually pay in 1917?
 - (h) What was the total cash surrender value in 1917?
 - (i) In your workbook, or elsewhere as your teacher may direct, complete the table given in this problem by filling in the proper amount for premium less dividend and the guaranteed cash surrender value for each year beginning with 1916.
 - (j) When Mr. Wallace paid his premium for 1921, how much of what he paid was actually saved (added to the cash surrender value)? What per cent of his payment was saved?
 - (k) When Mr. Wallace paid his net premium for 1929, how much more than what he paid was saved (or added to the cash surrender value)? How could the company increase the cash value more than he actually paid in at this time?
 - (l) In 1935, a year after the policy had been fully paid for, the cash surrender value of the policy was \$1,292.84. How does this compare with what Mr. Wallace actually paid for it?
 - (m) What was it that actually paid for the insurance protection which Mr. Wallace gave his family from 1915 to 1935?
 - (n) Is this one good way to save money? Explain.
3. Since its organization, one large insurance company has received \$1,596,-983,932.94 and returned to its policyholders \$1,316,047,592.07. It still has on hand for its policyholders \$554,763,719.52.
- (a) How much less have policyholders paid the company than the company has paid policyholders or set aside for them?
 - (b) How is it that more can be paid out than has been received?
 - (c) About 80% of money paid by insurance companies to policyholders goes to women. At this rate, how much has this one company paid to women since it began business? What has this to do with economic living?
4. In 1934, one life-insurance company insured 36,872 persons for \$136,-618,552. What was the average amount of each policy?

UNIT 44

OTHER FORMS OF INSURANCE

Health Insurance. — Illness is a cause of loss to people from time to time. When regularly employed people are ill, their wages usually cease. However, even though wages are paid while one is sick, there are losses in the form of doctor's bills, cost of medicine, nurse's salary, etc. During sickness, budgeted income may not be received. If each month an amount has been set apart for illness and other emergency needs, there may have been accumulated a fund out of which the cost of sickness can be paid even though income ceases for a time. From the standpoint of economic living, this is the best plan to follow. However, because of unusual expenses connected with occasional illness or the frequency with which illness occurs, funds set apart for this purpose may be used up. Therefore, in the interest of sound economic living it is best for wage earners to insure against loss through illness.

Special *health* insurance may be carried independent of life insurance. Such insurance costs in proportion to the benefits promised. For example, a policy may provide for the payment of \$10 a week for fifty-two weeks in case of total disability through sickness. Another may guarantee an indemnity of \$20 a week for a shorter time. Still others may provide for monthly payments during the whole period of disability even though that period extends to the end of the injured person's life. The policy tells exactly how much and for how long the company agrees to pay. One who wishes to be repaid for the cost of an operation, hospital bills, nurses' charges, and loss of time may buy insurance which will cover these things, but the rate will be proportionately higher than it will be for a policy that provides for a limited number of definite weekly payments only.

Accident Insurance. — In these days of many automobiles, the risk of loss through accident is much greater than it was years ago. Almost everyone is subjected to this risk. Therefore it is desirable from the standpoint of economic living to insure against loss through this cause. Even though life insurance is not carried, it undoubtedly is best for all to carry *accident* insurance.

As in the case of health insurance, accident insurance costs in proportion to the benefits promised in the policy. Accident insurance is not so expensive as



Why should accident insurance make one feel "secure"? Should it make one less careful? Explain.

health insurance, because accidents occur less frequently on the average than does illness. The important thing to remember in connection with both health and accident insurance is that through this means the individual is insuring a continuance of his economic program. He is making certain that he can meet his financial obligations as they arise. In a certain sense even this kind of insurance represents a saving although, except in case of accident or illness, no money is received from the insurance company. If the premium paid for this kind of insurance is considered an expense, it should be considered a necessary expense, not one which can be avoided with safety to one's plan for economic living.

Workmen's Compensation. — In many states there is what is known as a *workmen's compensation* law. Under this law employers in specified occupations are made liable to their employees for loss due to injury by accident. The employer takes out an insurance policy covering all of his employees. In the case of an accident, the insurance company pays for the loss in the form of weekly indemnity for a specified length of time. Thus, if a mechanic is injured in a factory where this kind of insurance is in force, he will receive a certain amount of indemnity during the time he is unable to earn regular wages. This enables him to go forward with his budget plan of living and to avoid running into debt for the things he needs.

Unemployment Insurance. — One of the most serious interferences with economic living is *unemployment*. In almost every kind of work there are times when employment is uncertain. Some kinds of employment are what is known as "seasonal"; in other words, there is plenty of employment in some parts of the year and very little or none in others. In such employment it is difficult for people to adopt a budget and live by it, since income is interrupted from time to time. There is need that something be done to prevent this interruption of income through lack of work even for a comparatively short time.

In the automobile industry, for example, there is great activity during the late winter and early spring months. People are buying new cars for their

summer use. In the late fall and early winter not so many people are interested in new cars. Hence in the automobile business there is a period of comparative unemployment because of a decrease in the demand for cars.

Automobile manufacturers bring out new models in the late summer or fall in an attempt to stimulate interest in new cars when people are least desirous of buying them. This helps a little, but unemployment is still a problem for workers in this industry.

It is believed by some that if employers are required to contribute to the support of their employees during periods of unemployment, they will make yet greater efforts to distribute employment over the entire year and thus prevent or lessen seasonal unemployment. Consequently, plans for unemployment insurance are being considered by the government at this time. Such insurance is in force in a few states and in some foreign countries. It is not necessary to go into detail as to how it is proposed to finance this type of insurance. The important thing to remember is that unemployment for any considerable time is an enemy of economic living and that every individual in the selection of his occupation, and in other ways, should try to protect himself against loss of income through unemployment.

If a person does obtain a position in which he receives wages or salary for only a portion of the year, it is important for him to distribute the expenditure of his income so as to make it run throughout the year. In many places, for example, teachers are paid their yearly salaries in ten equal installments instead of twelve. This is because schools are in session only ten months. During July and August no salary is received. In the interest of economic living, teachers who are receiving their salaries in this way should plan their budgets for the entire twelve months and divide their income into twelve equal parts instead of ten. In this way reserves will be created for use during the summer months when no income is being received.

It is not always easy for some people who earn comparatively small salaries to make their incomes last throughout the year. Such people may have to seek additional employment and thus add to their income during seasons of unemployment. At any rate, unless they can be assured of steady income to meet their needs throughout the twelve months, economic living is very difficult to achieve.

Automobile Insurance. — There are many kinds of risk involved in driving an automobile. An owner may run his automobile into another car and do damage for which he is held responsible. A driver may injure or kill a pedestrian or someone riding in his own or in another car and be held liable for reckless driving. An automobile for which a considerable sum of money has been paid

may catch fire and burn or otherwise be destroyed by accident, thus causing loss to the owner. An automobile may be stolen, thus necessitating the purchase of another car. All these risks should be foreseen and guarded against in the interest of one's plan for economic living.

AUTOMOBILE ACCIDENTS

CAUSES

SELFISHNESS.

SPEED. "Moping" along.

Cutting out of line in traffic.

Passing on curves.

Failure to signal stops, starts, turns.

Disregard of children and aged people.

Lack of concentration.

EFFECTS

36,000 people killed in 1934.

900,000 people injured.

Millions of dollars' worth of automobiles destroyed.

Untold mental anguish and suffering.

Courts clogged with damage suits.

Cost of automobile insurance mounts.

CURES

Use reasonable speed.

Yield the right of way.

Do not pass on curves.

Keep in line in traffic.

Signal for stops, starts, turns.

Do not use blinding lights.

Look out for old folks and children.

Concentrate on the road and anticipate trouble.

Fire insurance for the automobile is practically the same as fire insurance for any other property. It need not be discussed further here.

Collision insurance is a type of insurance which provides against loss through damage to one's own car when it collides with another car or runs into some other object and is damaged.

This kind of insurance is fairly expensive, but if one has an expensive automobile, one probably should carry this insurance. One may buy a policy under which damage will be paid, regardless of how small the amount may be. Another type of policy provides that no damages will be paid by the insurance company unless they amount to \$50 or more. Another provides only for damages over the sum of \$100. These restricted policies cost less than unrestricted policies and usually give ample protection. It is not so bad for one's economic plan if one has to pay for damage up to \$50 or \$100.

Facts Worth Thinking About.¹

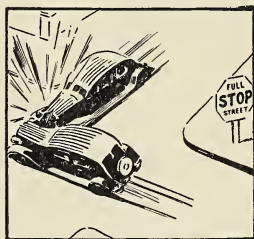
But it may temporarily wreck one's economic plan of living if one must lose the entire value of an automobile which has been damaged beyond repair and which has cost \$1,500.

Personal liability is another form of automobile insurance which protects the owner of an automobile against loss due to injury of other people in an acci-

¹ These facts regarding automobile accidents have been compiled by the Liberty Mutual Insurance Company.

dent in which his car is involved. Verdicts of \$20,000 have been assessed against automobile owners for injuries to single persons. Often several are injured in accidents, and therefore damages may be very much larger. In such cases, a verdict for high damages may take away from the automobile owner all of the property he possesses and thus destroy the results of a whole lifetime of economic living. No one can afford to take this risk unless he has a very large amount of property. Everyone should carry personal liability insurance if he is the owner of an automobile. No one should drive a car which is not thus insured.

In some states, one is obliged by law to take out personal liability insurance before one's automobile will be registered by the state. This is a precaution in the interest of those who are injured by automobiles. It often happens that one who owns and drives a car has no property other than the car itself, and even that may be mortgaged or pledged as security for the purchase price. If such an owner injures another while driving, and a court of law gives a verdict of damages against him in favor of the injured person, the latter will receive no financial help, because the party who did the damage has no property. Some states, therefore, insist that those who drive automobiles shall either post a bond or take out insurance as a guarantee that damages charged against them will be paid.



Some people do not "believe in signs."

In view of the risks involved, it is very bad practice to drive any car unless it is insured, even though the law does not require insurance. It should be added that even if the driver of a car which does damage is not to blame and proves it, he may have legal expenses to pay. If he is insured, the insurance company will pay these expenses and take all necessary steps to protect him against loss. The most careful driver needs insurance quite as much as does the least careful. Having insurance should not make one a less careful driver.

Property damage insurance covers an owner against loss which occurs when his automobile does damage in a collision with another car or some other property. This is important, because a large amount of damage may be done, but it is not so important as is insurance protecting one against loss or charges by reason of injury to a person. The cost is not high, and this kind of insurance should be carried. Automobile collisions in which one or both cars are completely wrecked are not uncommon. In such cases damage is considerable; enough in many cases to interfere seriously with the economic living plans of those who have to pay the loss.

Public Liability Insurance. — This type of policy protects a householder against loss through damage claims by people who come upon his property and who are injured thereon through no fault of their own. For example, a walk leading from the street to the house may be in disrepair. A postman, deliveryman, or caller may fall and sustain injury and bring action against the householder for damages. To guard against risk of loss from this cause, one may carry public liability insurance.



Who may have to pay for this accident?

Burglary Insurance. — Burglary insurance is becoming fairly expensive, but it is something that most property owners should have. It is a form of insurance which protects one against loss, up to the amount of the policy, sustained through burglary. A person with valuable personal property in his possession should ascertain the cost of such insurance and decide whether or not he needs the protection it gives. Silverware, jewelry, and even furniture often are stolen by burglars. The amount which these things represent frequently is enough to disturb greatly the economic living plan of the owner if they are stolen. They

will need to be replaced. Every reasonable precaution should be taken to prevent loss through burglary.

Do Not Take Chances. — There are other forms of insurance, but the ones mentioned are the more important. Wherever there is risk of economic loss which can be guarded against through insurance, this form of protection should be considered in the interest of economic living. Those whose risks of loss are great are taking chances. It is rarely a good plan to take a chance. It is better to be protected against loss even though there is some expense involved. Each person must decide for himself what kind of insurance he needs and just how much he should carry. No one, however, who wishes to be sure of economic security in the future can afford to ignore insurance in making his financial plans.

Many kinds of protection needed

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1. What is meant by health insurance?
2. Is health insurance important in connection with economic living? Explain.
3. Why is it somewhat more difficult to determine the proper rates for health insurance than it is for life insurance?

4. How does accident insurance differ from health insurance?
5. What are some of the benefits which an accident insurance policy guarantees to the holder?
6. Is one more likely to be ill from time to time than one is to have a serious accident?
7. Are accident rates of insurance likely to be more or less than health-insurance rates? Explain why.
8. Why should some employers be required by law to compensate their workmen for loss due to injury while in their employ?
9. What does the employer do to protect himself against losses due to this law?
10. What has unemployment to do with economic living?
11. What two kinds of unemployment are there? Which one is the more serious from the standpoint of economic living?
12. What are the three most important kinds of automobile insurance? How do these kinds of insurance differ?
13. Why should one take out personal liability insurance if one owns an automobile?
14. Is it as important that one take out property damage insurance as it is that one take out personal liability insurance?
15. Is collision insurance, which protects an automobile owner against damage to his own automobile, as important as either of the other two from the standpoint of economic living? Explain.
16. Why should a householder keep obstructions off the walk in front of his place? What risk does he take in allowing them to remain there? How can he protect himself against such risks?
17. Is burglary insurance desirable from the standpoint of economic living?
18. Has burglary insurance become more or less expensive? Explain.
19. How can a person cut down the amount of burglary insurance he needs to carry while he is away on vacation for a considerable period of time?
20. After an individual has taken all of the above kinds of insurance, should he feel that he can be less careful in matters of health, accident, burglary, etc., than he would be if he were not insured? Explain.
21. List as many causes of automobile accidents as you can after talking with friends and relatives about this matter.
22. John leaves his bicycle on the sidewalk in front of his house and someone falls over it. If injury results, who is likely to have to pay damages?
23. Would your answer have been different in 22 if the bicycle had been left on the walk leading to the house and the postman had fallen and been injured? Explain.

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Here are words which are used in the preceding unit and should be studied to the extent necessary to make them yours.

- | | | |
|-----------------------|-------------------------|-------------------------|
| 1. <i>accident</i> | 6. <i>disrepair</i> | 11. <i>interruption</i> |
| 2. <i>assess</i> | 7. <i>health</i> | 12. <i>involve</i> |
| 3. <i>burglary</i> | 8. <i>ignore</i> | 13. <i>occasional</i> |
| 4. <i>collision</i> | 9. <i>illness</i> | 14. <i>pedestrian</i> |
| 5. <i>continuance</i> | 10. <i>interference</i> | 15. <i>verdict</i> |

280

1. Suppose that James Spaulding earns \$200 a month. He budgets 5% of his income for health, but he carries no health insurance. At the end of two years he has an illness which costs him \$350. Will he be able to meet this expense out of his health fund? Has he been able to "carry his own" health insurance?

2. Charles Gray took out accident insurance in 1915. The monthly premium is \$1 for these benefits: \$25 a week for fifty-two weeks if disabled; doctors' and nurses' fees up to \$250; hospital fees and charges up to \$150; \$2,500 for accidental loss of one eye or \$5,000 for loss of both eyes; \$2,500 for loss of one hand or foot and \$5,000 for loss of both hands or feet; \$5,000 for accidental death.

From 1915 to 1925 Mr. Gray had no accident. In 1925, as the result of injury, he was kept from work nine weeks, paid \$350 to a doctor and a nurse, and paid \$55 to a hospital for emergency treatment.

- (a) How much should Mr. Gray have recovered from the insurance company?
- (b) Was the amount due him more or less than he had paid in? How much?
- (c) If he received more than he had paid in, did the insurance company lose that much? Explain.
- (d) Is the amount he had paid the company in cash the total amount he had actually paid for the insurance protection which he had? Explain.

3. If a man pays in all \$380 in premiums and collects only \$80 from the company on account of accidents, has he had anything for the difference of \$300? Explain.

4. An employer has an annual pay roll of \$125,640. He sets aside an amount equal to 2% of this amount and deducts 1% from the pay checks of his employees for an unemployment fund.

- (a) How much does he contribute to this fund?
- (b) How much do his employees contribute?

(c) Is it possible that the employees pay more than this 1% indicates? Explain.

5. A homeowner desires to protect himself against loss from robbery or theft of his household goods, including silverware, etc. He has about \$2,000 worth of silverware, furniture valued at \$2,500, rugs valued at \$500, and other articles valued at about \$1,000.

Burglary insurance will cost him \$15.13 a year per \$1,000.

(a) To insure all of the above possessions would cost how much?

(b) Except when the family is away on the summer vacation and on occasional trips, there is someone at home practically all the time. The value of the lighter and more valuable things which probably would be stolen in case of a burglary amounts to about \$1,000, not including silverware. The cost of storing the silverware in a nearby bank vault during absences is \$4.50 for a year. Which would cost less, to insure this property for \$3,000 to cover silverware and other things likely to be stolen, or to take the silverware to the bank when away and insure the other things for \$1,000? How much would the difference be? What per cent would be saved by the method chosen?

6. An owner of a certain type of automobile pays the following amounts for insurance:

\$50.40 for insurance against loss due to personal injury of one or more persons while driving in the section of the country where the owner lives.

6.00 for the same protection while driving in distant places.

18.00 for insurance against loss due to an accident which causes damage to property of others.

15.00 for insurance against damage to the owner's car.

(a) How much does this owner pay for car insurance?

(b) What per cent of the total can be saved if the man does not drive his car away from his home town?

(c) What per cent of the total is paid for insurance against possible damage to the owner's car?

(d) If the owner cannot pay for all of this insurance, which one should he give up first? Why? Which next? Why?

(e) If at the end of the year the insurance company has had fewer losses than it expected and does not need all the money paid for its insurance, it can pay back a certain per cent as a dividend. Suppose in the above case 20% is returned to the car owner. What is the actual payment for the insurance?

7. Some states require automobile owners to carry insurance — *compulsory insurance* it is called. Other states have no such law.

- (a) Find out what the law is in your state.
- (b) Find out what such insurance costs in your home city or town.
- (c) Why should any state force people to go to the expense of carrying insurance against loss due to an automobile accident in which someone is injured and brings a legal action to collect damages?
- (d) Why is it that states do not require automobile owners to carry collision insurance? Or accident insurance?

8. Mr. Barnes took out a burglary insurance policy for \$3,000 at an annual premium of \$15.12.

- (a) What was the total cost per thousand?
- (b) At the end of the year the company returned 20% of what he had paid because there were fewer losses than were expected. What was the actual cost of his burglary insurance for the year?

9. James Carson has had his automobile five years. Consequently his fire insurance and theft insurance cost him the following low amounts:

Fire and lightning	\$1.75
Theft	\$3.25

At the end of the year he is credited with a 30% dividend on what he paid for his insurance. How much will he actually pay for the next year at the same rates?

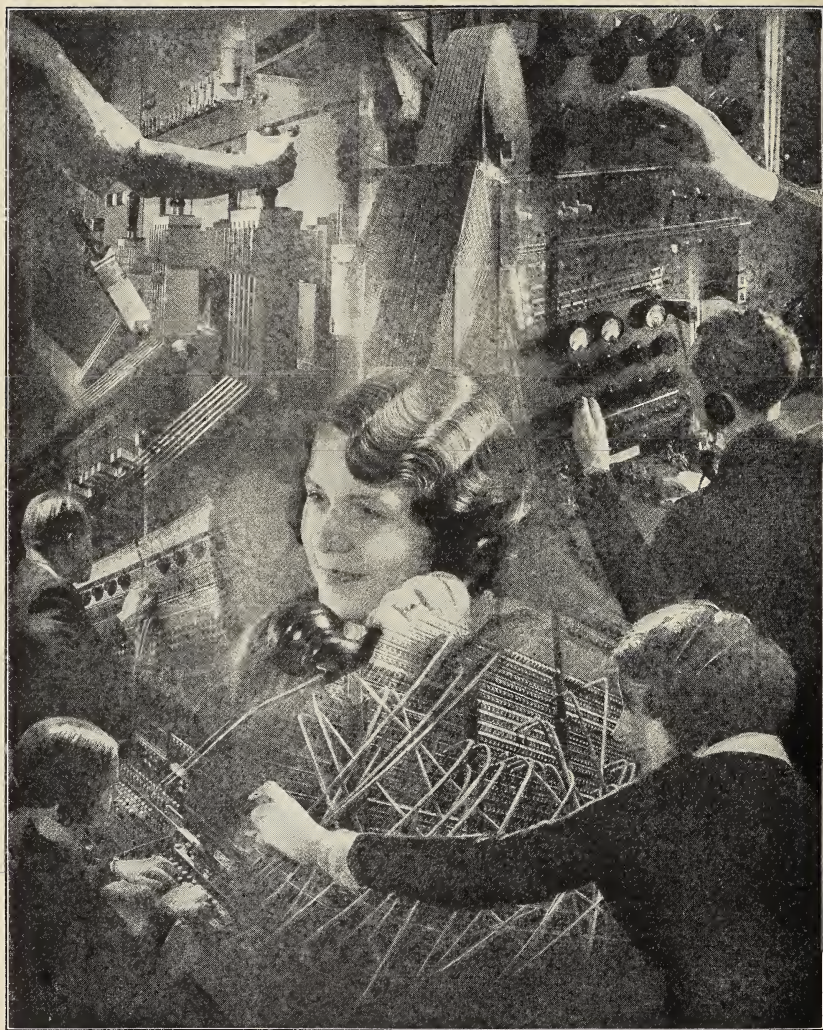
10. George Rawlins decides to trade in his old car towards a new one. Insurance rates on the old car and new car are as follows:

	<i>Old Car</i>	<i>New Car</i>
Fire and lightning	\$ 2.50	\$ 7.50
Theft	4.10	10.00
Personal liability	37.15	43.00
Collision	11.10	20.00
Property damage	15.00	16.00

- (a) What per cent more does the new car cost him for insurance?
- (b) If Mr. Rawlins's old car is taxed on a valuation of \$350, and his new car on a valuation of \$950, how much greater tax will he have to pay on the new car if the tax rate per thousand dollars is \$28? What per cent more?
- (c) Should we consider the above matters carefully when thinking of buying a new car? Explain.

PART VIII

COMMUNICATION AS AN AID TO ECONOMIC LIVING



G. A. Douglas for Nesmith

The world is one great room in which communication is easy.

UNIT 45

PARTS OF A LETTER

Business Letters. — Almost every individual writes business letters. Many use portable typewriters for their personal correspondence. Rules for writing letters in script are very much the same as those for writing letters on the typewriter. In this unit it will be assumed that the pen is to be used in correspondence of a personal nature. Keep in mind the fact that we are trying to learn in this course how to live economically — how to handle our business affairs in the best possible manner. If a person has enough correspondence or other writing to justify the use of a typewriter, he should buy one. Or, if he wishes copies of what he writes, he should use a typewriter. A college student should learn to operate the typewriter for writing his themes, etc. But one should not buy a typewriter just to be up-to-date, or because one writes poorly with a pen. It is more economical to improve the handwriting than it is to buy a typewriter. In this, as in every other economic matter, one should be sure of a need or proper want before spending money.

Doubtless in your English courses you have learned something about writing social letters; that is, letters to friends and relatives. In this unit of instruction you will be especially concerned about letters which have to do with your economic lives — business letters, and not with social correspondence.

When it is remembered that large mail-order houses do business each year amounting to hundreds of millions of dollars, it will be seen that many people write letters about business matters. No such amount of direct-mail business could be done with individuals scattered throughout the country without necessitating a certain amount of correspondence. People write business letters to their banks, stores, electric-light companies, and many others with whom they do business.

Stationery. — The stationery which should be used in personal business correspondence is of importance. It costs



Various means of communicating.

money, and, therefore, one should be careful in selecting it and economical in its use. Quality, size, and cost are important. There are a number of letter sizes, but for ordinary use either size $8\frac{1}{2}'' \times 11''$ or $8'' \times 10''$ will be entirely satisfactory. If one has many short letters to write, it may be desirable to have a smaller sheet; size $5'' \times 8''$ will do for this purpose.

Envelopes should be selected with reference to the size of the letter paper used and with respect to the kind of matter ordinarily mailed in them. It is customary to use for personal business correspondence envelopes that are known as *check size*. These vary somewhat in size but are about $3\frac{3}{4}''$ wide and $6\frac{3}{4}''$ long. For insurance policies and other large documents, envelopes of *legal size* are used. This is about $4'' \times 9''$. It is well to know that there are many sizes to choose from and that one can find out just what the sizes are at a post office or any stationery store. If one needs to use heavy Manila envelopes, there are several from which to choose. They usually open at the end with a gummed flap which can be used for sealing them. In many cases they also have fasteners to be used if they are not to be sealed.

It often happens that one wishes to send a newspaper to a friend. There are wrappers for such use. However, a satisfactory wrapper can be made by slitting an envelope at both ends and wrapping it around the paper. It may be sealed in the usual way.

To save time, it is a good plan to use stamped envelopes. Three-cent stamped envelopes and two-cent stamped envelopes may be purchased at the post office. The latter should be used in mailing letters to people in the immediate vicinity, and the former for mailing to more distant places. If unstamped envelopes are used, it is well to keep a supply of three-cent, two-cent, and one-cent stamps. By having one-cent stamps, time can be saved when no three-cent stamps are available by using a two-cent and a one-cent stamp. This is a matter of small consequence, yet anything that saves time is of importance in true economic living.

Letterheads can be obtained if there is enough correspondence to make it worth while. One may have one's name, address, and any other information of importance printed at the top of the letter sheets to be used. This costs money and is not necessary unless one's correspondence is considerable, or unless one wishes to conduct it more or less as a business does. A person who has a hobby or a business side line in addition to his regular vocation, and who has a considerable amount of correspondence about it, may find it desirable to have an appropriate letterhead. Such a letterhead should be very simple and contain only necessary information. This may include the name of the side line or hobby in which one is interested in addition to one's name and address.

A letterhead is desirable for the correspondence of a club or an association, because this organization really is in business, in a certain sense. This is not merely *personal* correspondence. It is *business* correspondence.

Parts of a Letter. — For convenience, parts of a letter may be listed as follows: (1) heading, (2) introductory address, (3) salutation, (4) body of the letter, (5) complimentary closing, and (6) signature. Each one of these parts has a definite use, and all should be used in every business letter. We shall consider these parts separately, so as to understand just how each is used and what purpose it serves in letter writing.

Heading. — The *heading* contains the address of the person writing the letter and the date on which the letter is written. It is important, because it tells not only when the letter was written but where the reply should be addressed. It contains merely the name of the place and the date when the place is a rela-

Avon, N. Y. R. D.
Aug. 10, 19-

or

Avon, N. Y. R. D., Aug. 10, 19-

For rural delivery route

Lima, N. Y., Dec. 20, 19-

Small village with no delivery

278 Alexander St.

Fort Wayne, Ind., Dec. 3, 19-

City with delivery service

P. O. Box 392

Fort Wayne, Ind., Dec. 3, 19-

Where post-office box is used

tively small one and there is no free delivery system. In writing from larger places, where mail is delivered to the address given, the street and number should be added. The post-office box or rural delivery route number should be given if either should be used in addressing the reply.

Illustration 60 indicates the proper arrangement and content of headings for both small and large places.

It will be noted that the heading is written above and at the right of the body of the letter. It should not end nearer than an inch from the margin of the paper. It will be seen that the punctuation for the heading is as follows: Comma after the name of the place, the abbreviation of the state, and the day of the month. A period may follow the year, although it is becoming customary to omit the period at the end of this line.

If there are three parts to the heading — street and number, city and state, and date — it is well to place each of these on a separate line. However, if the paper is of the usual business-letter size, it may be preferable to write the street address on the first line, and the city, state, and date on the second line. The illustration shows how this should be done.

It also will be noticed that the second and third lines, if there is a third line, should be indented slightly to the right of the preceding line in each case.

If a letterhead is used, it will not be necessary to include the address of the writer in the heading; only the proper date will be placed where the longer heading would appear.

Introductory Address. — The *introductory address* contains the name and address of the person or firm to whom the letter is written. It is important for two reasons. If the letter becomes separated from its envelope, it still can be delivered if the address is given on the letter as well as on the envelope. In business, a more important reason for repeating the address on the letter is that the copy filed by the sender will contain the address of the person to whom the letter is sent. This information is necessary for future reference. However, if the letter is written by hand, there is not likely to be such a copy. If it is written on the typewriter, and it seems best to keep a copy of it, use carbon paper for this purpose. To make a carbon copy, place a carbon sheet behind the letter paper, with the inked side away from you. Then place the copy sheet behind the carbon sheet. All three sheets must be in exact alignment when placed in the typewriter.

It is possible to make a carbon copy of a letter written by hand. This may be accomplished in the same way. A carbon sheet should be placed under the sheet on which the writing is to be done, and another sheet under the carbon sheet. It is best to use an indelible pencil or a hard-lead pencil instead of pen

Mrs. Henry Lengeman
267 Meigs St.
Rochester, N. Y.

Address for an individual

Studebaker Sales Corporation
798 Commonwealth Ave.
Boston, Mass.

Address for a business firm

Mutual Benefit Life Ins. Co.
Newark, N. J.
Attention Mr. L. B. Ross

Address for an officer of a company

ILLUSTRATION 61. INTRODUCTORY ADDRESSES

and ink. However, a heavy pen may be used, as a considerable amount of pressure is required.

Illustration 61 indicates the commonly accepted forms of introductory addresses.

Note the arrangement of the parts of the address and the punctuation, also the capitalization of important words. Ordinarily, the address on the letter itself should be the same as the address on the envelope. Frequently some detail, however, is written on the envelope which is not necessary on the inside. The introductory address appears at the left side of the sheet, not nearer than about one inch from the edge of the paper. Each line after the first, as will be noted, is indented about one inch.

When the typewriter is used, it is customary in many offices not to indent the different lines of the introductory address. It saves time not to do so when shifting from one line to another, since the typewriter carriage can be thrown back each time to the marginal stop. It is not necessary to strike the tabular key or to move the carriage along to its place at the right of the line above. This indented form is the desirable one to use in pen-written letters.

Salutation. — The *salutation* is the opening expression and corresponds to the "Good morning" with which you greet your friends when you meet them

Dear Sir:

In ordinary business letters

My dear Mr. Hawley:

To one whom you know well in a business way

My dear John:

or

My dear Hawley:

To one whom you know personally

Gentlemen:

or

Dear Sirs:

To a business firm

ILLUSTRATION 62. SALUTATIONS

early in the day. It should be appropriate and should, therefore, be selected with the relationship between you and your correspondent in mind. Illustration 62 indicates some of the most common forms of salutation.

The degree of familiarity depends on the relationship between the parties, as is shown in the note below each part of the illustration. Give special attention to the capitalization and punctuation. You will notice that the salutation is indented equally with the first line of the introductory address.

Body of the Letter. — The *body of a letter* is the letter itself, in which the writer delivers his message. It should be clear, brief, complete, and well-worded. Paragraphs should be used if necessary to indicate more clearly the exact thought of the writer. Care should be taken with the writing. Misunderstanding often is a result of illegible writing, and misunderstanding always causes annoyance and sometimes loss of money.

Illustration 65 shows a complete letter. It will be seen that the body of the letter begins immediately under the salutation and as far to the right of the

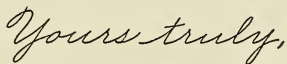
beginning of the salutation as the second line of the introductory address is to the right of the first line. About one inch is a satisfactory indentation. Paragraphs are indented the same amount.

Complimentary Closing. — The *complimentary closing* contains an expression which corresponds to the “Good-by” with which we may leave people after a conversation. It contains the same degree of familiarity as the salutation. We should not begin a letter with “Dear Sir” and close it with “Most sincerely yours.” We should not start a letter with “My dear John” and end it with “Yours truly.” The one is appropriate for use in writing to a friend and the other for use in writing to a stranger. Illustration 63 indicates the usual forms of complimentary closings appropriately used.

The complimentary closing usually is written near the middle of the page or slightly to the right of it, as shown in Illustrations 63 and 65. It is not always possible to place it just this way, but an attempt should be made to write it near the center merely for the sake of appearance.

A comma follows the complimentary closing. Only the first word is capitalized.

Signature. — The *signature* should indicate the way the writer of the letter expects to be addressed in reply, except when writing to friends. It should be distinctly written, so that the one who receives the letter will have no difficulty in reading it. Every young person should, with the aid of his teacher, adopt a signature and practice it until it can be written easily and legibly and always in the same form.



Yours truly,

When salutation is “Dear Sir” or
“Gentlemen”

Cordially yours,

When salutation is “My dear Mr. Hawley”

Sincerely yours,

When salutation is “My dear Hawley” or
“My dear John”

Henry Wyman Holmes

or

H. W. Holmes

or

Brookes Mfg. Co.
By George Wallace, Treas.

or

(Miss) Julia Richmond

or

Alice Jamison
(Mrs. Charles Jamison)

ILLUSTRATION 64. SIGNATURES

The signature is written at the right of the complimentary closing, but should not extend farther to the right than the body of the letter.

When an employee of a firm signs the name of the firm, he should indicate who has done so by writing his name, preceded by the word "By" and followed by the title of his office, under the firm's name.

When a married woman signs a letter using her married name, she should place a "Mrs." in parentheses before her signature. Often people write "Miss" in parentheses before their names to indicate that they are unmarried. This is not necessary, however, as it is understood that this is the case unless "Mrs." appears before the name. Ordinarily a married woman who expects a reply addressed to her as the wife of her husband will use his name with "Mrs." before it. She may then write her maiden name below his name. Or these two may be reversed — maiden name first and husband's name next. The form which is used will depend upon the circumstances of each case. Everyone should use an appropriate signature which will leave no doubt in the mind of the reader as to the status of the person writing it.

There are few things about letters which are more annoying than an illegible or uncertain signature. Always remember that the person to whom you are writing, if he is a stranger, depends upon your signature for the correct name to use in making a reply.

Illustration 64 shows appropriate signatures.

278 Alexander St.
Fort Wayne, Ind.
Aug. 10, 19-

Studebaker Sales Corporation
798 Commonwealth Ave.
Boston, Mass.

Gentlemen:

I am trying to locate Mr. Arthur Walling who, I understand, has joined your staff as a salesman.

If Mr. Walling is connected with your organization, please ask him to write me at his earliest convenience.

If Mr. Walling has left your organization, please send me his present address if it is known to you.

I shall greatly appreciate any assistance you can give me in locating Mr. Walling, and assure you that in helping me you will be doing him a service.

Yours truly,
Alice Jamison
(Mrs. Charles Jamison)

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What do you think about these statements?

1. Everyone should know how to write a good business letter.
2. Only businessmen write business letters.
3. All business letters are written on a typewriter.
4. Every person should own a typewriter for use in writing his personal business letters.
5. If one writes poorly with a pen, one needs a typewriter.

282

What correspondence materials are best?

1. What quality of paper should be used? What difference does it make from the viewpoint of economic living?
2. For ordinary business letters, what size letter paper is best?
3. For short business letters or brief notes, what size is preferred?
4. How would you decide what size envelopes to use?
5. Why is one size of envelope known as "check" size?
6. When is a larger size envelope necessary?
7. Where can you find out about sizes of envelopes in common use?
8. When is a heavy Manila envelope desirable?
9. About how large is the "legal" size of envelope?
10. How can you make a wrapper for use in sending a newspaper to a friend?
11. Why should one-cent, two-cent, and three-cent stamps be kept on hand?
12. What is the advantage of using stamped envelopes? Can you think of any disadvantage in using such envelopes?
13. What is a *letterhead*? What printing should it contain?
14. When is it desirable to use a letterhead? Why is it not best for everyone to use this kind of stationery?

283

Parts of a letter

1. What are the parts of a letter?
2. Name the part which usually is written first. What should it contain? Where should it be written?
3. Name the part which is written next. What should it contain? Where should it be written?
4. Name the part which is written third. What should it contain, and where should it be written?

5. What is the part which is written next? What should it contain? Where should it begin?

6. What is the fifth part of a letter? Where should it be written? What should it contain?

7. What is the last part of a letter? What should it contain? Where should it be written?

284

Can you tell

1. What the heading should contain when a letter is written
 - (a) From a country village?
 - (b) From a city home?
 - (c) From an office building?
 - (d) From a farm home?
 - (e) From a school?
2. Where a comma should be used in a heading?
Where a period should be used in a heading?
3. When there should be
 - (a) One line in the heading?
 - (b) Two lines?
 - (c) Three lines?
4. When it is not necessary to write the address in the heading?
5. How a carbon copy of a letter can be made?
6. When it is not necessary to indent to indicate new paragraphs?
7. What determines the kind of salutation to use in a business letter?
8. With what the complimentary closing should agree in tone?
9. How to indicate that you are signing another's name as his agent?
10. When and how to use the title *Mrs.* in a signature?
11. Why signatures should be exceptionally legible?

285

Do you know

1. What is wrong in these headings?
 - (a) Batavia, Ill.,
Aug. 16, 19—
 - (b) 27 Main St., Akron, O., Jan. 2, 19—
 - (c) Albany, N. Y.,
30 Essex St., Mar. 2, 19—

2. What is wrong in these introductory addresses?

(a) James Gray,
Peoria, Ill.

(b) Mr. Arthur White and Co.,
37 State St.,
Cleveland, Ohio

3. What is wrong with the use of these salutations and complimentary closings in the same letter?

(a) Salutation — Dear Sir:
Closing — Sincerely yours

(b) Salutation — Dear John
Closing — Yours truly

(c) Salutation — Sir:
Closing — Cordially yours

(d) Salutation — My dear Mrs. Brown
Closing — Affectionately yours

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These words have to do with letter writing. Be sure you can use them properly. Look them up if you are not sure that you know their exact meaning.

- | | | |
|-------------------------|------------------------|------------------------|
| 1. <i>address</i> | 6. <i>indelible</i> | 11. <i>paragraph</i> |
| 2. <i>carbon</i> | 7. <i>indent</i> | 12. <i>parenthesis</i> |
| 3. <i>complimentary</i> | 8. <i>introductory</i> | 13. <i>rural</i> |
| 4. <i>correspondent</i> | 9. <i>letterhead</i> | 14. <i>salutation</i> |
| 5. <i>illegible</i> | 10. <i>Manila</i> | 15. <i>stationery</i> |

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1. In a letter to your teacher, name the parts of a letter and explain briefly how each is used. Be sure that your letter contains all of these parts and that each is properly worded and arranged.

2. Write a letter to a local business firm, ordering some article in which you are interested. Make it a good business letter. Do not forget anything.

3. Mr. Jones kept only three-cent stamps on hand. Not having a two-cent stamp, he used a three-cent stamp for a local letter.

(a) What per cent of the cost of the postage was wasted?

(b) What per cent more postage was paid than was necessary?

4. Mrs. Williams used 10 three-cent stamps for 10 souvenir cards, on each of which only a one-cent stamp was required.

(a) What was her total expenditure?

(b) How much of this was wasted? What per cent?

5. Find out what 25 stamped envelopes (two-cent stamps), check size, will cost at your post office. What per cent of this cost is for postage? What per cent for envelopes?

6. Find out what 25 stamped envelopes (three-cent stamps), legal size, will cost. What per cent of this cost is for postage? What per cent for envelopes?

7. A businessman wishes to determine how much it costs him to answer or write a letter. He gives you the following data :

Stationery costs \$4 per thousand.

Envelopes cost \$4.50 per thousand.

It takes five minutes of his time to dictate an average letter. His time is worth \$1.20 an hour.

It takes fifteen minutes to type, seal, and mail the letter. Average cost of stenographer's time is \$.40 an hour.

It takes an average of \$.025 for the stamp. Some letters are sent with two-cent stamps; some with three-cent stamps.

(a) How much does it cost to answer or send a letter?

(b) If a man writes 60 letters a day, what is the daily cost? Annual cost if there are 300 business days in the year?

8. What do the above answers suggest concerning your own correspondence in later life as a factor in economic living?

UNIT 46

IMPORTANT SUGGESTIONS FOR LETTER WRITING

Errors in Letters. — One who receives a letter scarcely can avoid forming some opinion of its writer. A letter containing messy erasures, blots, or other blemishes is likely to suggest that the writer is a careless person. A letter in which the signature is illegible, or in which the address of the writer is not clear, may suggest that the writer is not considerate of others. A letter in which there are misspelled words and ungrammatical sentences is likely to be taken as an indication that the writer is ignorant, careless, or indifferent about such matters. A letter which is very much longer than it needs to be is wasteful of the time of the writer and of the one who receives it. Such a letter suggests that the writer is the kind of person who does not decide what he wants to say before he begins to write. A letter without an enclosure which is mentioned in it suggests carelessness or forgetfulness. This puts the receiver to the trouble of writing to inquire about the omitted enclosure. An incomplete letter is wasteful of the time of both the writer and the receiver, since further letter writing must take place before the correspondence can be brought to a final conclusion.

It will be seen from the above statement that a letter may be indicative of character or of lack of it. Those who receive letters are likely to think of them in that light. Suppose a letter applying for a position contains such mistakes as have been mentioned. What chance will the writer have of obtaining the position desired? Suppose a letter ordering something contains illegible figures or other evidences of carelessness which make it difficult to fill the order. Is there much chance that the order will be filled as it should be? Whose fault will it be if a mistake is made? All such errors waste time and money and should be avoided. Common courtesy requires that we take pains with our letters.

Paragraphing. — Letters which we are considering are personal business letters. They are letters written by individuals about business or economic matters. In such letters it is not always necessary to follow exactly all rules for other kinds of writing. For example, you have learned in English that each paragraph should introduce a new subject or a new thought about the subject on which you have been writing. In a business letter, if this rule is followed,

there may be but one paragraph. However, for the sake of emphasis and clearness, a letter about a single business subject may be divided into several paragraphs. Do not make too many. Avoid long paragraphs, as these tend to discourage the reader. As a rule they make it more difficult to get the exact meaning of the writer. Generally speaking, each item which you want to stand out by itself and impress the reader of the letter may be placed in a paragraph by itself.

Margins. — The good appearance of a letter, as far as its form and arrangement are concerned, depends largely on the proper margin at the right, left, top, and bottom of the letter. Leave an inch of white space on the left side of the letter and as nearly as possible the same amount on the right side. It is not always possible to get the right-hand margin exactly even. With reasonable attention to this matter, however, it is possible to make it fairly even.

The letter should not begin too near the top of the page. If a letterhead is used and the printing which it contains is centered near the top of the sheet, there is little danger of beginning the letter too near the top. If there is no printing, it is easy to make this mistake. In deciding just where the heading or introductory address should begin, one should have in mind the length of the letter. A short letter will take little space, and the margins on all sides may be proportionately wider. The rule is to try to center the short letter on the page; that is, to have the letter begin about as far from the top as the signature is from the bottom, and the margins on either side approximately the same. These margins are the framework of the letter and tend to give it a good appearance.

Punctuation. — The real reason why punctuation is used in writing is to make the meaning clear. Formerly, what is called *closed style* of punctuation was used in writing the different parts of the letter. A comma was placed at the end of each line but the last in each part of the letter except the body.

In the introductory address, a comma may appear at the ends of both the first and second lines, but not usually at the end of the third line. The same is true of the heading of a letter. Many people have adopted what is called the *open style*, in which no punctuation is used at the ends of lines, except the last one, in the heading or introductory address. In all cases, whichever form is used, there should be a comma between any two separate parts of the heading which appear on the same line. For example, after Albany, there should be a comma before the abbreviation for New York.

Courtesy Titles. — In addressing a physician, it is customary to use the courtesy title of *Doctor*. For those who have no professional titles, courtesy titles such as *Miss*, *Mr.*, and *Mrs.* are used. In addressing partnerships con-

27 Norton St.

Erie, Pa., May 5, 19-

Mr. John Roberts

43 Arbor Way

Topeka, Kansas

My dear John:

I am planning to make a trip out your way about the middle of July. Are you likely to be home at that time?

Can you give me any suggestions as to the best route to take? Of course I prefer the most scenic route, but, on the other hand, I must make good time and should follow the route which has the best roads.

I shall have about ten days to spend with you if you are to be home when I come.

Thank you for any route information which you may give me.

Sincerely yours,
Arthur

sisting of men, the courtesy title *Messrs.* (abbreviation for *Messieurs*, French for *Misters*) may be used. In addressing a company composed of women, the courtesy title *Mesdames* abbreviated to *Mmes.* is appropriate. In addressing a letter to unmarried women not associated in a business firm, the title *Misses* may be used. Courtesy titles for use in addressing two or more people are not necessary and may be omitted.

It sometimes is difficult to know just what title to use. For example, you may know the names of two people who are associated in some business enterprise, but you may not be sure of their sex. You may know that two people who are associated in business are women but do not know whether they are married or unmarried. It is becoming quite general practice to omit these courtesy titles when addressing two or more people in business letters.

In addressing a corporation or firm whose name ends in the word "Company," no courtesy title is used. In addressing a corporation, for example, it is not proper to use the term *Messrs.* although only men are members of it. The same would be true in addressing the Brown and Smith Corporation. It is becoming the custom to omit unnecessary punctuation and unnecessary titles to save time. If they serve no useful purpose, they may as well be omitted.

Writing to an Officer of a Company. — It often happens that in writing to a firm the writer desires some particular individual member of the firm's staff to receive and give attention to his letter. For example, the trust officer of a bank may be the person who knows about the matter contained in the letter. It usually is not good practice to address the trust officer personally. The writer should address the bank and indicate at the right of the introductory address that he wants his letter brought to the attention of the trust officer. At the right of the introductory address the following should be written: "Attention Mr. Charles H. Smith, Trust Officer." Even though the letter is to be attended to by Mr. Smith, the salutation should be "Gentlemen," just as if no mention of Mr. Smith has been made.

Style in Business Letters. — In writing a letter, people are advised by some authorities to imagine that they are talking to the person addressed. This advice is given in the hope that letters will be a little more natural and convincing. The trouble with this advice is that one may say many things in conversation which one should omit in a letter. It is better advice to say that the writer of a letter should consider carefully just what he wants to say and just how he wants to impress the reader. Then he should outline his letter so as to enable him to say what he wants to say in the fewest possible words and in the most effective way. After much practice such an outline may not be necessary. When a writer imagines that he is talking to the person to whom he is

writing, his letters are likely to be too long. This tends to defeat the purpose of the letter, as many people are unfavorably impressed by long letters. This advice is for business letters only, since this is the only type of letter we are considering in this course.

Try to be natural in writing your letter. Say things very much as you would say them if you were speaking, but say them much more briefly and perhaps with less unnecessary explanation.

It is not improper to use the word "I" in a letter, as some people have thought, but "I" should not be employed too often. It should be used only when it is necessary and natural. Letters in which almost every sentence, or even every paragraph, begins with "I" tend to emphasize the writer a little too much. It is easy to avoid the excessive use of "I" with a little practice. For example, instead of saying, "I am enclosing a check for \$75," one should say, "A check for \$75 is enclosed." Instead of stating, "I have just seen your advertisement," one should write, "Your advertisement has just come to my attention," or "According to your advertisement you are offering," etc.



Too much "I" spoils a letter.

It is proper in some cases to use the word "please" in asking for something in a business letter. However, the excessive use of this word is as objectionable as the excessive use of the word "I." For example, why should one say, "Please find check enclosed, etc."? If the check is enclosed, the receiver doubtless will find it without thereby doing a favor for the sender. A better expression would be, "You will find check enclosed, etc."

Another objectionable statement is one like this: "I wish you would send me a copy of 'Alice in Wonderland.'" The publisher of this book will send it to you if you order it and send your money with the order, without your "wishing" him to do so.

It should not be understood, however, that you are not to be courteous in business letters. Whenever you are asking a favor, you should use the word "please" or some other similar word or expression. The only point is that in using courtesy words you should exercise your judgment and be guided by the circumstances of the situation in each case.

Separate Letters for Different Subjects. — In personal business letters it is permissible to write about two or more different things in the same letter although,

generally speaking, this should not be done. To save the receiver time and inconvenience, it is better to write two letters where two entirely different subjects are discussed. For example, suppose you are writing a mail-order house ordering certain articles from the catalogue. At the same time you wish to send a payment for an article previously ordered and received. That part of your letter which is an order will go to the proper department to be filled. That part of your letter which has to do with your payment for a previous order will go to the financial department to be acknowledged and recorded in the firm's books. If these two matters are contained in the same letter, it will be necessary for the company mail clerk to deliver it to one department and then see that it is passed on to the other department. This may cause delay in filling, and even failure to fill, the order; also delay or failure in making proper acknowledgment of the remittance. It is easy to neglect to pass such a letter on to the second department after it has been taken care of by the first department. When such a letter is received, some firms have copies made of its two parts. The remittance part goes to the bookkeeping department, and the order part to the department which will ship the goods desired. This takes time, costs money, adds to the expense of doing business, and raises the prices of goods the company sells.

If you wish to prevent the necessity of this extra trouble and expense on the part of your correspondent, you should write two short letters, each about a separate subject. One letter would refer to the remittance and the other to the order. Both should be enclosed in the same envelope, however, to save time and postage in transmitting them. When they are received, the mail clerk will separate these letters and deliver each to its proper department.

In writing to an individual instead of to a large business organization about two such matters, there would be little advantage in writing two letters. Suppose you are writing to a man who is taking care of your lawn while you are away in the summer. You wish to remit for work already done and to give an order for additional work to be done. It would be ridiculous to write separate letters about these two items. Again, if you are writing a business letter to your church treasurer about your last year's subscription and some other matter connected with the church, one letter undoubtedly will do. In a business letter to your dentist about an appointment for the future and an overdue account, one letter will suffice. One must use judgment in these matters to save time and expense, while at the same time considering the convenience of the people to whom letters are being written.

Letters of Two or More Pages. — Business letters are written on but one side of the sheet. There are good reasons for this. Most business letters are

short, and it is not necessary to use a second sheet very often. This is more true in connection with personal business letters such as we are considering than it would be with business letters written to or by large business firms. Long letters usually are in the nature of reports. If, for example, you are treasurer of a Students' Association, and someone has written to ask for information about the association's affairs, you may find it necessary to write two, or even more, pages in reply. This, however, is more in the nature of a report than in the nature of a letter, although it has the form of the latter. Economy of time and money requires that you make your letters reasonably short but that you make them sufficiently complete to leave no opportunity for misunderstanding.

When it is necessary to use a second sheet, it is very desirable that something be written at the top of this sheet to identify it as part of a letter begun on another sheet. This is done by writing at the top of the second page: (a) the name of the person to whom the letter is being written, (b) the date, and (c) the figure "2." If this second sheet becomes separated from the first, it will be easy to bring them together again, as both contain the date of the letter and the name of the person addressed. For second sheets it is desirable to use plain sheets instead of letterheads. Letterheads cost more money, and it is wasteful to use them for second and third sheets. The plain paper used should be exactly like the letterheads in size, quality, and color.

Enclosures. — Whenever something is to be enclosed with the letter, it is desirable to indicate this fact on the letter itself. The customary way of doing this is to write the word "Enclosure" at the left of the signature, as is shown in Illustration 67. If there is more than one enclosure and if it has become separated from the letter, the receiver will make inquiry for it. Or, if the writer has carelessly forgotten to send it, the receiver will state in his reply that the enclosure has not arrived.

Yours truly,
Dennison Mfg. Co.
By N. B. Barstow, Sec.

Enclosure 1

ILLUSTRATION 67. NOTATIONS FOR ENCLOSURE

General Suggestions. — It is easier to be misunderstood in a letter than it is in conversation. In the latter, misunderstandings are noted at once and cleared up. In the case of a letter, the writer is not present when misunder-

standings arise, and therefore it is not so easy to clear them up. Further correspondence about them often leads to additional misunderstandings. For this reason, in writing letters it is very important to state exactly what one means and in a way which cannot be misunderstood by the reader. Brevity usually is desirable. When too much is said in a letter, additional opportunities for misunderstanding are present.

It is good practice for a person who has been offended by a letter, or who has received what he believes to be a discourteous or inconsiderate letter, to postpone answering it until he has thought over carefully what he wants to say. If a somewhat discourteous reply is written at once, it should be allowed to lie on the table for a short time before it is mailed, to give the writer an opportunity to be sure whether or not he wishes to say just what he has said.

Remember that businessmen have hundreds, even thousands, of transactions a day. Mistakes are likely to occur. The management of almost any business is as anxious to prevent mistakes as is anyone who does business with him. He has hired help, however, and many employees are not so painstaking about their employer's affairs as they should be. Even with the greatest care mistakes will occur from time to time. In writing business letters, be as considerate of others as you would like to have others in business be considerate of you.

It doubtless is true that many mistakes and misunderstandings in business are caused by failure of those who patronize business firms to observe such rules and practices as are being discussed in this course. Many people have had little business training and therefore are not businesslike in their transactions with business firms. Much trouble, misunderstanding, and loss can be avoided by careful attention to simple business procedures for personal use such as are being discussed in this course, not only in connection with letter writing but also in relation to other equally important matters.

Postal Cards. — A postal card can be used for ordinary communications in which there is no confidential information or other personal matter. In these days when postage is relatively high — three cents for anything but a local letter — substantial saving can be made by using a postal card for more or less unimportant and impersonal communications. These cards have a space for the address on one side and for the communication on the other. One should make a practice of having a few of them in one's stamp box for use whenever possible.

In writing on postal cards, it is customary to omit the introductory address, as this takes up too much space. For sending out notices of club meetings, postal cards should be used if possible. *Double cards* can be purchased. One

part of the card can be used for the communication, and the other part for the reply. These cards are a great convenience. They save both time and money in sending out notices of meetings and in other uses where it is desired that the receiver shall reply briefly.

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What do they tell?

1. When found in a letter, what may the things listed below indicate about the writer?

- (a) Misspelled words (1) Easy ones (2) Hard ones
- (b) Blots or smeared erasures
- (c) Illegible writing
- (d) Unnecessary length
- (e) Brevity and incompleteness
- (f) Omission of mentioned enclosure

2. Which of the above defects usually lead to waste of time and money in handling the business matter about which the letter is written? Explain your answer in each case.

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Proper form of a letter

1. Why are paragraphs indented in ordinary writing?
2. Why may there be more paragraphs in a business letter than would be considered proper in other writing?
3. By leaving margins at top and sides and bottom of a letter, much paper is wasted. Why is this done? Is it economical?
4. How much white space should be left around a letter?

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Punctuation

1. Why is punctuation used in a letter?
2. Tell which punctuation marks in the following letter are unnecessary:

287 Main St.,
Los Angeles, Calif., July 9, 19—.

Mr. Henry Walters,
40 Arcade St.,
Rochester, N. Y.

Dear Sir: —

If possible try to be here not later than July 31st. Our meeting will be held on that date and we want you to attend without fail.

Let me know if you cannot be here by the date named.

Very truly yours,
Albert Smith.

3. Which of the punctuation marks in the foregoing letter would be omitted in changing to the *open style* of punctuation?

291

Courtesy titles

1. When is each of the titles of courtesy listed below correct?

- | | |
|----------|-------------|
| (a) Dr. | (e) Mmes. |
| (b) Mr. | (f) Misses |
| (c) Mrs. | (g) Messrs. |
| (d) Miss | (h) Prof. |

2. What would be the proper title of courtesy, if any, to use with the persons listed below?

- (a) A high-school instructor (man)
- (b) A senior college instructor (woman)
- (c) George Roe and Co.
- (d) Brown and Ross
- (e) Samuel Smith's wife
- (f) A surgeon
- (g) A dentist
- (h) The Acme Corporation
- (i) Members of a bridge club (women)
- (j) Samuel Smith's unmarried daughter
- (k) Three high-school girls by name

3. When writing to an officer of a business firm, how can you make sure that your letter will reach the one for whom it is intended? There are two ways. Which is better? Why?

292

Good letters

1. Write a brief statement in which you will indicate

- (a) One way to write a business letter so as to make it attractive to the one who receives it.
- (b) A mistake which often is made in the use of the word "I" in a business letter.
- (c) How the words "wish," "please," and "favor" often are misused in business letters.
- (d) When two letters, instead of one, should be written to a business firm.

2. Give as many reasons as you can why unnecessarily long business letters should not be written.

3. Tell what should be done when a letter is accompanied by an enclosure.

293

Use of postal cards

Write a brief statement in which you will show

- (a) When a postal card may be used.
- (b) Why the postal card should be used more than it is used in the interest of economic living.
- (c) What is meant by the *double* or *reply* card.
- (d) Why the reply card is of little value for personal business correspondence.

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Here are some words which have just been used. Make sure they are added to your vocabulary before proceeding to the next exercise.

- | | | |
|--------------------------|---------------------|----------------------------|
| 1. <i>abbreviation</i> | 6. <i>courtesy</i> | 11. <i>permissible</i> |
| 2. <i>acknowledgment</i> | 7. <i>enclosure</i> | 12. <i>proportionately</i> |
| 3. <i>blot</i> | 8. <i>erasure</i> | 13. <i>punctuation</i> |
| 4. <i>confidential</i> | 9. <i>Mesdames</i> | 14. <i>transmitting</i> |
| 5. <i>considerate</i> | 10. <i>Messrs.</i> | |

295

1. If you leave an inch margin at the left, right, top, and bottom of a letter on a sheet of paper $8\frac{1}{2}'' \times 11''$, what per cent of the space on the page will be unused for writing?

2. Is unused white space wasted in letter writing? Explain.

3. It is estimated that it requires as much time to correct an error in writing as it takes to write five words. Assume that you write at the rate of 15 words a minute.

(a) How long will it take you to write a letter containing 255 words if you make no mistakes?

(b) If you make 5 mistakes, how long will it take you?

(c) What per cent of your time will be lost in writing the letter if 5 mistakes have to be corrected?

(d) In four hours of letter writing, how much time would be wasted if this same number of errors occurred in each 255 words?

4. If letter paper size $5'' \times 8''$ costs proportionately less than paper size $8'' \times 10''$, what per cent can be saved by using the smaller paper if the larger paper costs \$2.50 for 500 sheets?

5. How many dollars can be saved by using 2,000 sheets of $5'' \times 8''$ instead of an equal number of $8'' \times 10''$?

6. Assume that as treasurer of a students' association you must send out notices of the annual meeting to 584 members, all of whom get their mail at the same post office.

- (a) In what ways might this notice be sent out?
- (b) How much less would it cost to send these notices by postal card than by letter in a sealed envelope?
- (c) What per cent of saving would be made by using the postal card? If all of the association's expenses could be reduced by this per cent, would it be good for the association? Are savings in small items like postage worth while?

7. A department store analyzes letters it sends to people who ask for information and those written to others asking for the payment of their bills. It is found that in these letters the same things are being said over and over again. Several *form* letters are prepared for use when possible in place of dictated letters. Some special *paragraphs* are composed to be employed in the same way. Each form letter and each paragraph has a number. Instead of dictating an original letter, the officer merely tells his stenographer, "Use form 68 with paragraph 49 added." An average of fifty hours of dictation are saved each day in this way by a large store.

- (a) If stenographers are paid \$.45 an hour by this store, how much is saved in stenographer's wages each day?
- (b) If before the change there were 40 stenographers who worked seven hours a day, what per cent of their time is saved by the use of form letters?
- (c) How many fewer stenographers are needed under the new plan?
- (d) How should such savings affect customers of this store?

UNIT 47

KINDS OF BUSINESS LETTERS

Special Letters Discussed. — There are many kinds of business letters, each one of which has peculiar characteristics. It will not be possible to discuss all of the different varieties. We shall consider some of those most commonly used. These are letters of application, letters ordering goods, letters accompanying remittances, letters asking for information, letters pointing out mistakes in business transactions, letters acknowledging the receipt of money, and letters asking for payment of money due. Most people have to write such letters at some time or other.

Letter Asking for Information. — In writing letters *asking for information*, state exactly what you want to know and why you wish the information. Be specific and do not leave the reader in doubt as to just what is wanted. There may be several kinds of information on the same subject. As will be seen in Illustration 68, the exact type of information wanted should be mentioned in such a way as to be understood by the reader. It is important to remember that things which are perfectly clear to the writer may not be so clear to the reader. Do not leave anything for him to guess. In such letters it is best to use simple, direct questions for the sake of brevity and clearness. Do not say: "If I should send you an order for a coat today and accompany it with a remittance and directions for shipping it, how long would it be before I would receive it if there is no unusual delay?" Say: "When should goods ordered and paid for on the first of the month reach me?" There is as much need for economy of words in writing letters as there is for economy of money in financial transactions. There is waste in using too many words, both in time and in writing materials.

Letter Applying for a Position. — Illustration 69 shows a *letter of application* which a young person might use in applying for his first position. In a letter of application there should be these distinct statements:

- (1) How the position has come to the writer's attention
- (2) Why he is making the application if there is a special reason
- (3) Qualifications in terms of general education, special training, experience, and personal characteristics

Jefferson High School
Buffalo, N. Y., Sept. 20, 19-

Mr. James Dean
East High School
Elmira, N. Y.

Dear Sir:

I am glad that you have an open date in your football schedule and that we may have it if we wish. Before accepting it I should like certain information.

What is the exact date you have open?

At what hour would the game be scheduled?

Will you guarantee the expenses of our team?

Do your players have to keep up to a certain standard in school?

May we furnish one linesman for the game?

Upon receipt of answers to the above questions I shall wire you our decision in the matter.

Very truly yours,
Arthur Crosby
Mgr. Football Team

375 Eastern Ave.

Denver, Colo., Mar. 13, 19-

The Independent Grocery Co.

497 Main St.

Denver, Colo.

Gentlemen:

I have just heard that you are looking for a young man to make himself generally useful in your store from 4 to 6 daily and from 9 to 6 Saturday.

It is my present plan to prepare myself for retail store service by taking the "merchandising" course in the senior high school. Experience such as I would get in your store should be good training for me.

My personal qualifications are: 15 years of age; unusually tall and strong for my age; my best school subject is junior business training, in which I have made excellent grades in all figure work; have a bicycle which I can use if necessary.

The principal of Monroe Junior High School, Mr. George Armstrong, can tell you about my work as a student. His telephone number is Main 260. He usually is in his office from 8:30 to 12 every school day.

If you would like to have me come to see you, I shall be glad to do so.

Very truly yours,

Walter Osgood

(4) References

- (5) Concluding statement, in which some reference to an appointment for an interview may be made

Not all of these items will be in every letter. One should not stretch the truth merely for the sake of using them. For example, if there is no special reason why the applicant desires the position for which he is applying other than the fact that he wants a job, he should not give some other reason for his application. In the illustration it will be seen that the writer of the letter desires to secure this position because it will give him an opportunity to learn a business in which he is especially interested. You may apply for a position with a firm that has the reputation of promoting its employees. In this case explain in the letter that you are applying because you wish to secure opportunity for advancement.

It is assumed that students in this course will see the advantage of remaining in school for a rather complete prevocational training and therefore that they will not need to write letters of application, except possibly for part-time positions, for some time to come. For this reason further instructions in connection with the writing of letters of application will be postponed until the upper high-school year where vocational training is given.

Letter Ordering Goods. — Such letters are very simple and should be very brief. They should contain the following items :

- (1) Words which indicate that a definite order is being placed
- (2) A list of the items of merchandise ordered with a sufficient amount of explanation to make sure that there can be no mistake in filling the order
- (3) The exact quantity of each item desired
- (4) Catalogue number, trade name, style number, color, etc., for purposes of identification
- (5) Definite directions as to how the goods are to be sent — by freight, by express, by parcel post, by special messenger, or by shoppers' delivery service
- (6) Reference to payment — cash with the order, goods to be shipped C.O.D. (this means payment on delivery), to be charged to the account of the one ordering, to be paid for after trial or examination, etc.
- (7) Any special instructions as to time of delivery — on or before a certain date, at once, etc.

A form of letter for use in ordering goods is shown in Illustration 70. It will be noted that each of the different items referred to has been set out by itself for the convenience of the reader when filling the order. Each item can

487 Arlington St
 Burlington, Vt.
 Jan. 12, 19-

Utility Supply Co.
 37 Franklin St
 Boston, Mass.

Gentlemen:

Ship the following items to me by parcel post, to arrive not later than January 16 if possible:

1 pr. Keen Edge Shears - Cat. No. 397, 75¢
 1/2 doz. True-fit Thimbles... " 1742, 60¢
 1 box True-temper Pins - " " 897, 15¢

Enclosed is Postal Money Order for \$1.50.

Please ship charges collect.

Yours truly,
 Alice Warren

ILLUSTRATION 70. LETTER ORDERING GOODS

be checked off as the order is filled. It leaves nothing at which to guess. It must be kept in mind that any omission may lead to further correspondence, which wastes time and money and often leads to delay, annoyance, and misunderstanding.

Remittance Letter. — As has been learned already, remittances of money for any purpose should be accompanied by a letter. This is to make sure that the remittance is recorded as having been received for the purpose intended by the remitter. A person may be ordering goods, for example, and at the same time making payment for goods already delivered. He has a right to say that the money enclosed is for the previous order and not for the one which accompanies the remittance. In the absence of any such instruction, the one receiving the money has a right to apply it as he may decide — either on the order which accompanies it or on the old order. A check naming a specific bill and attached to the bill may be satisfactory in certain cases.

Letters of remittance may be very brief. They should contain the following items:

- (1) Description of the enclosure, as for example: "Enclosed is check for \$250." Individuals who make remittances need not give the name of the bank on which the check is drawn. The fact that it is signed by the one making the remittance is a sufficient identification of it. This may not be true in the case of a business firm where many remittances may come from the same firm a few days apart. The average individual, however, makes only occasional remittances to any particular person or firm, and there is little difficulty in identifying a check which he sends, even if it becomes separated from the letter.
- (2) The purpose for which the remittance is being made — to pay for an order which accompanies it, to settle an old account, to apply on a previous order, to pay for a subscription already made, etc.
- (3) Any special instructions regarding a receipt or any other matter connected with the transaction.

Letter Acknowledging Receipt of Money. — Whenever money has been received for any purpose, it should be acknowledged immediately, even though the remittance is received in a form which requires no receipt. It is a matter

462 Portland Ave.

Seattle, Wash., April 16, 19—

*Mr. Charles Collins
West High School
Tacoma, Wash.*

Dear Sir:

Enclosed is check for \$28.19 in payment of your bill for the expenses of your basketball team for the game played with us April 2.

Kindly receipt and return the bill which also is enclosed.

*Yours truly,
Charles Wilkins, Mgr.*

West High School

Tacoma, Wash., Apr. 18, 19--

Mr. Charles Wilkins

462 Portland Ave.

Seattle, Wash.

Dear Sir:

Your check for \$28.19 in payment of the bill for our expenses in connection with game played April 2 has just been received. I thank you.

The receipted bill is enclosed.

Yours truly,

Charles Collins, Mgr.

ILLUSTRATION 72. ACKNOWLEDGMENT LETTER

of courtesy and good business to acknowledge a remittance, so that the sender may know at once that it has been received. Such a letter may be very simple. It should state that a remittance in whatever form it was sent has been received. It should indicate the amount and also for what it is received, to make sure that there is no misunderstanding between the parties as to this matter. In this case, as in all others where letters are being answered, it is desirable to refer to the letter being answered by its date. Large firms often give their letters numbers. When this is done, the proper number should be referred to in a reply.

Letter Complaining of a Mistake. — It frequently happens that an individual orders goods and the order is improperly filled — the wrong goods are sent, they are sent at the wrong time, the amount charged is incorrect, or the goods are not satisfactory. It becomes necessary in such cases to write a letter asking to have the mistake corrected. Just what will be contained in this type of letter will be determined by the circumstances in each case. However, these general rules probably should be followed in most instances:

- (1) Refer to the order about which complaint is being made.
- (2) State exactly in what ways the order was not properly filled.
- (3) Indicate exactly how you would like to have the mistakes remedied.
- (4) Be courteous about the matter; do not scold.

Mistakes can be made by almost anyone. If they are promptly and properly remedied, there is no need to risk misunderstanding and the loss of a profitable and satisfactory business connection by writing a letter of complaint which will offend and do no real good. Write the kind of letter which you would like to receive if the mistake had been made by you, and you cannot go far wrong in what you say.

Letter Requesting Payment of a Debt. — This often is a difficult type of letter for business firms to write. But for the kinds of transactions in which individuals, as distinguished from businesses, engage, it should offer no very great difficulty. In all cases you should be courteous and considerate. However, if the debt is long overdue, and you do not care to have any further business relations with the debtor, you may go so far as to tell him so. This is especially true if you have asked for payment a number of times and payment has been refused or overlooked. Generally speaking, however, if you wish to continue your business relationships with the individual or firm that owes you money, you will write a letter in which you will indicate how much is due, for what it is due, for how long it has been due, and your desire for payment at once. Your letter may take the form of a request or of a demand, according to circumstances. It may be firm or it may be lenient, but it never should be discourteous. In such letters you should be sure of your facts with respect to the amount due, the due date, and other matters connected with the transaction.

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Kinds and importance of business letters

1. Are business letters all alike?
2. What kinds of business letters are discussed in this unit?
3. Do people other than businessmen have to write these letters?
4. When can it be said truthfully that a letter is a *good* letter? Think about this matter carefully. See if you can tell what is a good test of a letter's quality. Suppose that you write a letter asking for information about the price and quality of a bicycle which has been advertised. How can you know that you wrote a good letter?
5. Discuss this statement: Do not waste words in a letter. To do so is to waste time — the writer's and the receiver's.

297

Some business letters

In writing these letters, show that you know how to arrange a good business letter according to the principles learned in earlier units. Be sure that all of the parts of a letter are present and that each is properly placed.

1. It is too early to apply for a position but not too early to begin to plan to secure one later. The letter of application is a good type of letter to practice on, as it is one for which you have the necessary facts.

Write a letter applying for a clerical position in the office of a local firm or businessman. Show that you know what such a letter should contain. Do not omit any important part. Tell the truth about your qualifications in a way which may interest the reader.

2. Since you are taking this junior business training course, it is assumed that you are somewhat interested in business education. However, you probably have not yet decided just which curriculum to pursue through high school.

Write a letter to your teacher asking for information about the senior high-school business training program. Try to think of all the things you would like to know about this matter and then ask about them in your letter.

3. Think of three things which you would like to have — clothing, books, things for play and recreation, or things to eat. Write a letter ordering them from a local or distant dealer in the things you want. Do not overlook any item of a good letter ordering merchandise. Leave nothing at which the dealer must guess in filling your order without delay.

4. Suppose that you have received the things ordered in 3 and wish to make a remittance for them. Write a letter to accompany this remittance. Be sure to say everything that should be said in such a letter. You may estimate the amount according to what you select for your order in 3.

5. Suppose that the dealer to whom you make your remittance in 4 decides that you are entitled to a discount for prompt payment and returns 5% of the amount received from you.

Write a letter acknowledging the remittance received from him. Do not omit any important detail of such a letter.

6. Suppose later you find that in filling your order the dealer substituted a slightly different article for one of the articles ordered because he had sold his supply of the one desired.

Write a letter explaining that you do not want the article sent. Decide just what you should say to have the desired correction made promptly. The thing received may be different in quality, size, or price. You may decide which and write your letter accordingly.

7. Suppose that the dealer who sent you the goods ordered has written you that because of the mistake on his part he will be glad to send you a refund of 12% of the net amount which you remitted to him if that will be satisfactory to you.

You decide to accept his offer. Write him to that effect. Include in your letter everything that is necessary.

8. Suppose that the dealer fails to send you the 12% promised. Write a letter asking for the remittance. Do not omit anything which is necessary in a good letter of this kind.

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Before leaving this unit be sure that these words are tucked away carefully in your vocabulary for future use.

- | | | |
|-------------------------|------------------------|---------------------------|
| 1. <i>accompanying</i> | 6. <i>catalogue</i> | 11. <i>promoting</i> |
| 2. <i>acknowledging</i> | 7. <i>complaint</i> | 12. <i>qualifications</i> |
| 3. <i>answer</i> | 8. <i>convenience</i> | 13. <i>references</i> |
| 4. <i>applying</i> | 9. <i>discourteous</i> | 14. <i>remedied</i> |
| 5. <i>brief</i> | 10. <i>omission</i> | 15. <i>specific</i> |

299

Go over the letters you wrote in exercise 297 and pick out the items which have something to do with economic living. For example: If you write a letter asking for information about something but do not make it clear just what you want, the one to whom you write must ask for a clearer statement, you have to reply, and there is much delay in getting what you want.

1. Twice as much letter-writing time is consumed by you and your correspondent.

2. Twice as much stationery is used by both.

3. Twice as much postage is required.

4. Twice as much filing space is required for the letters exchanged.

All of the above represent economic waste — loss of money.

See how many other similar items of economic importance you can find in the letter situations used in exercise 297.

UNIT 48

PROCEDURE IN SENDING MAIL

Delivery Address on the Envelope. — A proper form of envelope address with the return address indicated in the upper left-hand corner is shown in Illustration 73. One always should take pains with envelope addresses. Carefully and legibly addressed envelopes help the post-office clerk and tend to insure

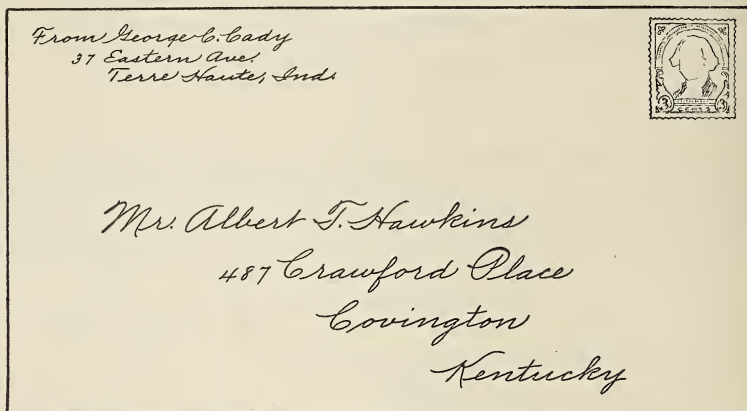


ILLUSTRATION 73. PROPERLY ADDRESSED ENVELOPE

prompt delivery to the right person. Remember that the public pays the cost of postal service and should do everything possible to make it satisfactory and inexpensive. Millions of pieces of mail matter find their way to the *dead-letter office* every year. This is largely caused by faulty addresses on envelopes. Writing may be illegible; addresses may be incomplete or inaccurate. The Post Office Department does all that it can to deliver mail entrusted to it, but if the address is incomplete, indefinite, or illegible, it often is impossible to deliver the mail to the people for whom it is intended. Such mail, if there is no return address, goes to the government's dead-letter office, where special clerks may make further efforts to deliver it. If they are unsuccessful and there is no return address inside, it is destroyed.



© Harris & Ewing

In this picture may be seen the various kinds of shipments, besides letters, that are sent through the mail. Great quantities of these parcels never reach their intended destination because they were insecurely wrapped and improperly addressed.

Not only is it necessary that the address be complete and correct, but it should be arranged in the customary manner, as is shown in the illustration. This will facilitate the reading of the address by those who handle mail.

It is customary when addressing a letter to be delivered on a rural delivery route to indicate the number of that route if it is known. If the number is not known, it is proper to indicate *Rural Delivery* by a notation in the lower left-hand corner of the envelope. "R. D. 2" or merely "R. D." will suffice.

It is of especial importance that abbreviations of states be used with great care. Where there is a choice between two abbreviations, one of which is less likely to be misunderstood than the other, the one which is clearer should be given. For example, "Colo." should be used for "Colorado" instead of "Col.," which may be mistaken for "Cal." ("California"). "Calif." should be used for "California" instead of "Cal." to avoid confusion. If a is carelessly made in "Va." for "Virginia," it may be read as "Vt." for "Vermont." If the d in "Md." for "Maryland" is carelessly written, it may be read as "Mo." for "Missouri." "Miss." for "Mississippi" may be read as "Minn." for "Minnesota." Unless you write legibly, do not use abbreviations for states.

Cities should never be abbreviated. "Phila.," for example, should not be used for "Philadelphia," nor "L. A." for "Los Angeles," nor "S. F." for "San Francisco."

Street numbers and the names of streets likewise should be given special care. It is not fair to the Post Office Department to require its employees to waste time trying to find people for whom mail is intended. Even though a postman will deliver it correctly if a street number is near the right one, it is not fair to ask him to readdress our mail for us.

The indented style which is shown in the illustration is the one which the Post Office Department prefers. It makes for easier reading of the different parts of the address. Therefore, even though one may adopt the unindented style for the inside address, one should use the one desired by the post office for the outside of the envelope. Commas at the ends of lines in the address are not necessary and may be omitted.

Window Envelopes. — The *window envelope* need not be discussed here, as it rarely is used by individuals. In sending out monthly bills and similar items where the address may appear on these items in such a way as to have it show through an opening in the envelope, many firms use the window envelope and thus save addressing envelopes. The address on the matter enclosed shows through the transparent opening in the envelope itself. Almost everyone is familiar with this type of envelope, as it is received regularly from stores with bills and other communications.

Return Address. — The *return address* of the writer in the upper left-hand corner of the envelope is of great importance. If the one to whom the letter is addressed has, for example, moved away and cannot be found, the Post Office Department will return the letter to the writer if his address appears on the envelope. This avoids the necessity of having the letter sent to, and opened by, the dead-letter office to find out the return address of the writer. It is best to have envelopes with the return address printed in the upper left-hand corner if one has many letters to write. In any event, it is desirable, if many letters are written, to purchase stamped envelopes with the name of the writer's post office in the upper left-hand corner, together with a line on which his name can be written. This saves time in preparing the envelope for mailing. This type of envelope can be purchased at any post office in larger villages and cities.

Stamps. — As is well known, stamps are attached in the upper right-hand corner. It is of great importance that the right amount of postage be put on each piece of mail. Inexpensive postal scales will save time and money. Suitable scales for the office are shown in Illustration 74. These scales show the postage rates and make it easy to calculate the amount required.

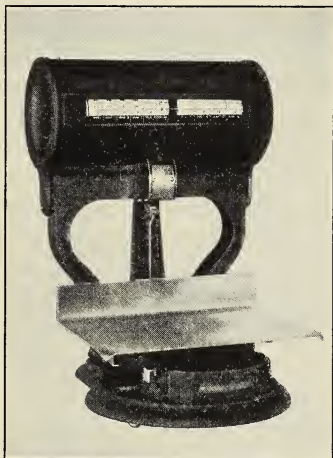
Stamps most commonly used in personal correspondence are the three-cent, two-cent, and one-cent stamp denominations. Some of each of these should be on hand at all times. Many people neglect to provide themselves with two-cent stamps and use three-cent stamps for local letters. They waste one third of the cost of postage. This is contrary to economic living. As long as the rate for local mail is two cents and that for mail outside the writer's locality is three cents, there will be a certain amount of inconvenience to users of the mails. However, as long as this condition remains, people should be careful to have on hand at all times the right kind of postage stamps for the uses they wish to make of them. The government neither intends nor desires that too much postage shall be put on mail matter for the service which is expected. It does insist, however, that a sufficient amount shall be used at all times.

Postage-Paid Envelopes.—A businessman may find it profitable to use postage-paid reply envelopes. On such reply envelopes there is printed a statement indicating that the government has permitted their use with the understanding that the receiver and not the sender of the reply is to pay the postage.

A person who receives a letter with such an envelope may write his reply and use this return envelope without postage. When the man who originally sent it receives it, he pays the postage on it. This is important in business but of very little importance to individuals who have little use for this type of postage.

Special Delivery.—If you wish a letter delivered immediately upon arrival at its destination, place 10¢ additional postage on the envelope and write or letter the words "Special Delivery" immediately under the stamps. If convenient, a ten-cent stamp should be used; however, 10¢ in two-cent stamps, one-cent stamps, or any other denomination or combination of them will be satisfactory. A single stamp takes less room on the envelope and is more convenient. When a letter so stamped arrives at a post office where special-delivery service is maintained, it will be delivered by special messenger instead of by the regular postman.

Special delivery should be used only when the matter is of importance and when delivery by the regular postman will be too late. In many cases, however, special delivery does not really insure delivery earlier than will be made



International Business Machine Corp.

ILLUSTRATION 74. POSTAL SCALES

by the regular mail. For example, a letter mailed from Boston in the evening to a business firm in Springfield, Mass., will be delivered early next morning.

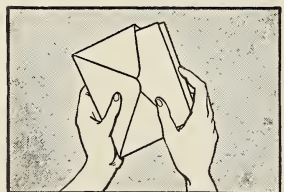
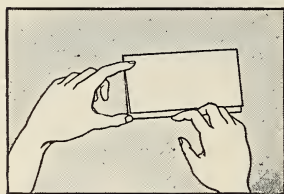
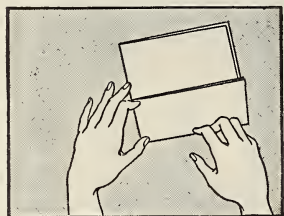
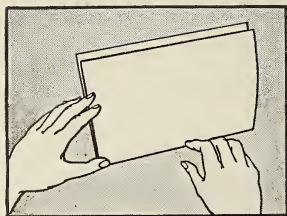


ILLUSTRATION 75. PROPER
FOLDING OF A LETTER

A special-delivery stamp will not insure delivery much sooner, since letters are not delivered late at night except by special arrangements with the post office. If some local mail matter is mailed Saturday evening, it will not be delivered until Monday morning. A special-delivery stamp will insure delivery Sunday morning. This is a real saving of time, and the expense of special delivery is warranted. Too many people delay writing fairly important letters longer than they should and then use special delivery to save time. This is uneconomical and should be avoided. If letters are written in time for delivery by the usual means, money can be saved in postage. Even such small savings are necessary if one is to live economically.

Registration. — If a letter is to be registered, this fact should be made known to the postal clerk as has been described in Unit 17.

Air Mail. — If the sender of a letter desires to have it sent by air mail, an extra fee must be paid. Air mail is being used very much more every year. In course of time the cost of sending by this means may be reduced. At present the rate is 6¢ for each ounce or fraction thereof. What has been said about special delivery may be said about air mail. When it is necessary, use it. Avoid its cost when possible by writing letters well in advance of the time when they must be delivered. It is uneconomical to use more expensive mail service than is required for your purposes. Do not use air mail merely to insure quick delivery when quick delivery is unimportant. Do not hesitate to use air mail when it will save time, money, or inconvenience.

Folding the Letter. — In folding a letter preparatory to placing it in the envelope, proceed as follows if the size of the paper is the usual one, $8\frac{1}{2}'' \times 11''$:

- (1) Fold from bottom within approximately one inch of the top edge. Some prefer to fold within a half inch of the top edge. All that is necessary

is to have the length of the letter when folded short enough for insertion in the envelope used.

- (2) Turn the right edge towards the body and fold upwards, making the fold include about one third the width of the paper.
- (3) Fold downward to within about a half inch from the bottom folded edge.
- (4) Press down all of the folds so that they will remain in position, thus making it easier to insert the folded letter in the envelope.

If the above method in folding the letter is followed, the convenience of the person who takes it out of the envelope and opens it will be considered. As is shown in Illustration 75, a letter folded in this way opens easily as it is removed from the envelope. However, to make certain that this will be the case, the letter when folded must be properly inserted in the envelope. The following is the proper way to do this:

- (1) Hold the envelope in the left hand with the opening under the flap uppermost and turned toward the right.
- (2) Hold the letter in the right hand with the top of the letter sheet away from you.
- (3) Insert the folded page of the letter in the envelope, holding the flap of the envelope open by pressing the letter against the open flap.

If a legal-size envelope is used, that is, one which is approximately $9'' \times 4''$ or larger, the folding will be different. A simple way is to fold from the bottom to a point about two thirds of the distance to the top, then fold the upper third downward from the top. Then insert the letter without making folds from right to left.

Opening an Envelope. — In opening an envelope, proceed as follows:

- (1) Hold the envelope in the left hand with the address side away from you.
- (2) Slide the letter opener under the flap at the right edge of the envelope and cut along the top edge. Care must be taken to see that the opener is not inserted under a fold of the enclosed letter, as this will result in cutting it as well as the envelope.
- (3) With the envelope still in the left hand, remove the letter with the right hand.

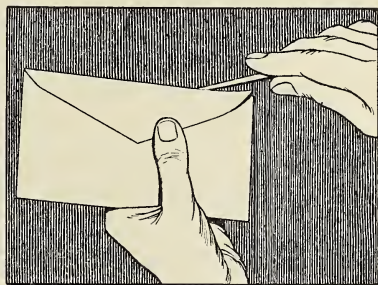


ILLUSTRATION 76. HOW TO SLIT AN ENVELOPE

(4) Always examine the inside of the envelope carefully to be certain that there is no enclosure remaining in it. Checks or other valuable papers sometimes are unwisely enclosed without making reference to them in the letter.

These may seem like unimportant details to both young people and older people. However, it must be remembered that we are considering all of these matters from the standpoint of economy of time and in the interest of economic living. There is a right way to do everything. Usually it is easier to do things in the right way, once the habit of doing them in that way is established. We are now trying to form correct habits in small but important details.

Mail Collections. — It is well understood by most people that in places where there is free delivery, collections are made at stated intervals during the day. Every individual having business mail to dispatch should be familiar with the times when mail is collected from the box nearest his home or place of business. Collection hours are stated on mailboxes. In places where there is no free delivery service, it is necessary to consult the post office for information as to when mails are dispatched to different places.

If one has important letters to send out and wishes to be sure that they will go on time, one should find out at what time mails are dispatched from the post office in his community. Mails going west may be dispatched at one time, mails going east at another time, and mails in other directions at other hours. Usually it is not important that individuals time the mailing of their letters quite as accurately as is done by businessmen. If one has an important communication which should reach a certain place at a certain time and wishes to be sure just when it should be mailed to arrive at that time, it is proper to telephone the post office and ask for this information. It is better to do this than it is to guess and then find it necessary to use special delivery or air mail.

Postal Information. — It is only natural that the government finds it necessary to make certain rules and regulations with respect to the handling of mail. It is of great importance that everyone using the United States mails shall observe the requirements made by the government. These regulations are changed from time to time, and therefore it is necessary for people using the mails much to be well informed at all times as to just what regulations are in effect. The best place to obtain information regarding any matter of importance in connection with the use of the mails is at the post office. A small pamphlet giving information can be obtained from the post office. Larger postal guides are kept in post offices and may be consulted by users of the mails who want special information. This postal guide is an expensive document and is not widely distributed. It ordinarily is not used by individuals except at the post office, but it can be purchased if it is needed.

300

Where should these appear on the envelope?

- | | |
|-------------------------------|--------------------------|
| 1. Stamp | 6. "Box 281" |
| 2. "R. D." ("Rural Delivery") | 7. Name of one addressed |
| 3. Return address | 8. Street address |
| 4. "Special Delivery" | 9. State |
| 5. "Please forward" | 10. City |

301

Waste of public money

1. What is the dead-letter office?
2. How does it represent great waste of money?
3. Who pays for this waste?
4. Who causes this waste?
5. What can you do to reduce such waste?
6. What is meant by a "chain letter"?
7. In one post office recently thousands of chain letters were so poorly addressed as to make delivery impossible. What was done with them?
8. What probably became of the \$4,000 in money which they contained?
9. Why has the government a right to keep this money? Can you think of two good reasons?

302

Addressing envelopes

1. Write the abbreviations for all of the states and indicate which ones may be mistaken for others. Show how such mistakes can be avoided.
2. What should poor writers do to reduce mistakes in addresses?
3. Is there an abbreviation for your city or town? If so, should it be used in an envelope address? Why?
4. Which is more important in an address ordinarily from the point of view of prompt delivery, a street name or a house number? Explain fully.
5. How does the window envelope save time?
6. Individuals rarely use window envelopes for their correspondence. Why?
7. We do not use them, but may we get economic benefit from the use of window envelopes by the businessmen with whom we have dealings? Explain.

303

What is the correct postage for

1. A letter to someone who lives in your own postal delivery district? A souvenir card? A postal card?
2. A letter to someone who lives outside your own postal delivery district? A souvenir card? A postal card?

3. Forwarding to a distant city a letter on which the sender properly put a two-cent stamp?
4. Forwarding to a distant city a letter on which the sender properly put a three-cent stamp?
5. Forwarding a letter from one address to another in the same postal delivery district?
6. An unsealed printed advertisement to someone in your own postal delivery district? To someone outside that district?
7. A special-delivery letter?
8. A registered letter?
9. An air-mail letter?

304

What difference does it make

1. If you do not fold a letter properly before putting it into the envelope?
2. If the envelope is of check size or of legal size?
3. If you tear an envelope open instead of opening it as instructed in this unit?
4. If you do these things in different ways at various times?
5. When mail collections are made in your city or on your rural delivery route? Or when mail goes out of your post office to its destination?

305

In discussing the topics covered in this unit the following words are used. Can you spell and use each one correctly? Try to put each one into a sentence.

- | | | |
|-------------------------|-----------------------|------------------------|
| 1. <i>approximately</i> | 6. <i>indefinite</i> | 10. <i>pamphlet</i> |
| 2. <i>confusion</i> | 7. <i>inexpensive</i> | 11. <i>suffice</i> |
| 3. <i>fee</i> | 8. <i>insertion</i> | 12. <i>transparent</i> |
| 4. <i>inaccurate</i> | 9. <i>interval</i> | 13. <i>type</i> |
| 5. <i>inconvenience</i> | | |

306

1. News Item — "About 100,000 greeting cards and letters bearing insufficient addresses were assigned to 16 veteran employees at the Boston Post Office."

- (a) If these 16 employees spent a total of 640 hours at \$.60 an hour finding out where this mail should go and sending it on its way, what was the cost of this carelessness?

- (b) Who pays this cost?
- (c) If the same amount of carelessness was found in a hundred other large post offices, what was the total cost?
- (d) What does this matter have to do with economic living?
- (e) What lesson does it teach?

2. When a three-cent stamp is used where only a two-cent stamp is required, what per cent of the postage is spent unnecessarily? If 123 overpayments occur, how much money is wasted in this way?

3. A traveler mails 75 souvenir cards to friends, all of whom live outside the postal delivery district from which the cards are sent. On each he puts a three-cent stamp, because he does not happen to have any others. How much does he waste in this way?

4. A man living in Boston, Mass., spent a month in Rochester, N. Y. During that time the following mail was forwarded to him:

43 letters which had been mailed to him by people living in Boston.

25 letters which had been mailed to him by people living at some distance from Boston.

How much "postage due" had to be paid in Rochester, if all of these letters had the proper postage on them when they were first mailed?

5. Point out where there is waste in the following:

(a) Mr. Jones sends a special-delivery letter to Mr. Gray, who lives on a rural delivery route in a distant state.

(b) Mr. Walters sends a special-delivery letter on Sunday to a friend in his own city.

(c) Mrs. Arthur sends a special-delivery letter to a friend in a nearby city on Saturday afternoon.

(d) On Saturday evening, Miss Farnum sends a special-delivery letter to a businessman at his store in a city forty miles distant.

(e) Late Tuesday afternoon, Miss Graham sends a special-delivery letter to a businessman in a city eighty miles distant.

(f) Early Tuesday morning, Mr. Tripp sends a special-delivery letter to a merchant in a city forty miles distant.

(g) Mr. Brown is traveling by automobile from New York to Chicago, where he will arrive Saturday, June 4. On Thursday, the 2d, Mr. Williams sends him an air-mail letter from Cleveland.

In each case of waste, what per cent of the total postage paid is wasted? On a total annual postage bill of \$329.87, how much would be wasted?

UNIT 49

TELEGRAPHIC SERVICES AND THE NEED FOR THEM

Why Businessmen Use Telegraphic Service. — Businessmen use the *telegram* as a method of communication when it is important to save time in sending a message to a correspondent. They would not use this means of communication except that it is profitable for them to do so. It may be necessary to communicate with a salesman who is out in his territory. His whereabouts may not be known with sufficient exactness to reach him by telephone. Hence the only quick way of reaching him is by telegram. In another case, a customer may desire goods which are not on hand. It becomes necessary to procure them from the manufacturer without delay. A telegraphed order will accomplish this result. A business matter which necessitates a conference in a distant place at the earliest possible moment comes up too late to be handled by mail. A telegram asking for an appointment is sent. A letter ordering goods has been mailed to a manufacturer. Subsequently it is learned that the price of these goods is about to be reduced. Before the letter has reached the manufacturer, a telegram may be sent withdrawing the order. There are countless ways in which rapid communication of this kind can be used by businessmen to save money. It is more expensive than the letter, but it is worth the additional expense in cases where it effects a proper saving or in other ways adds to the profits of a business.

Personal Use of Telegraph Service. — In this course we are considering methods of communication from the point of view of the individual rather than from the point of view of a business organization. In most personal correspondence, mail is a sufficiently satisfactory medium to use. However, there are many situations which call for greater speed in communicating with a person or firm. Individuals, like business organizations, should use the telegraph company's service whenever it is advantageous to do so. On the other hand, since this service costs somewhat more than mail service, it should not be used carelessly and without regard for the expense involved. It is easy for an individual to neglect to send a communication when he should and then find himself in a position where he has to use a more expensive means of reaching his correspondent. This should be avoided as far as possible.

It should be said that telegraph service is relatively inexpensive considering the service which is rendered. Telegraph service is useful just as mail service is useful. They are not supposed to be entirely interchangeable. Each should be used whenever it will best serve the purposes of the user.

In this unit of instruction we shall confine ourselves largely to such uses of telegraph service as are of special importance to individuals. We shall not concern ourselves, to any considerable extent, with the more elaborate services which business organizations find useful.

Kinds of Telegraph Service. — Many people think of telegraph service as restricted to the sending of rapid, short messages. As a matter of fact, many other things may be done through the use of telegraph service. Among them are these:

- (1) There is a *messenger service* which often is exceptionally useful. For example, a chairman of a committee at the City Club in Boston desires

some papers for a meeting about to be called and finds it necessary to have these papers sent him from Cambridge, which is only about two miles away. There is no one available to go after these papers, nor is there anyone at the office in Cambridge who can bring them in. The telegraph office is called, and a messenger is requested. This messenger will go to the office in Cambridge, secure the papers and instructions for their delivery, and then deliver them at the City Club in Boston. The messenger may make the trip on his bicycle or he may take the subway train, according to instructions by his office. The charge for this service usually is fifty cents and carfare. This messenger service should be kept in mind, as it is frequently more economical to use it than to send packages by other means.

- (2) One who wishes to send flowers for the funeral of a friend (or for sickness, graduation, and other occasions) in a distant place may have these



Ewing Galloway

Messenger service is performed usually by quick and alert boys.

flowers delivered by a florist in the place where the deceased friend lived by arranging for this service through a local florist, who will telegraph the communication to the florist in the other city and direct that delivery be made there. Frequently, but for this rapid communication, the time would be too short in which to send flowers as desired.

- (3) As is shown in Unit 17, page 165, money may be transmitted by telegraph directly to a person in a distant place.
- (4) It is possible to transmit drawings and photographs to distant places by telegraph, but this is not yet a regular service which anyone may use.
- (5) A telegraph office in a distant place will purchase candy and other similar articles for one who desires this service and deliver them to the person indicated. For this service a charge is made. In using it, one purchases a telegraph money order for a sufficient amount to pay for the service, the articles purchased, the delivery of them, and the message. Also, a telegraph company in almost any place will be glad to deliver a parcel sent to someone in its care if the necessary fee for this service is paid.
- (6) Another service which telegraph companies render has to do with correct time. At all times of the day and night, bus terminals, railway stations, and other places where it is important that correct time shall be known are supplied with time reports. This service may not be so important in the future as it has been in the past, owing to the recent development of accurate electrical time clocks. It is now possible to secure an electric clock at a very low cost which will give accurate time.

It is likely that much money is wasted each year by failure to exercise care in the choice of telegraph service used. On the other hand, it probably is equally true that large sums of money are lost annually because people fail to use telegraph service when it is best to do so in connection with important economic affairs. The thing to remember is that each type of telegraph service has its uses, and that the service which this means of communication can render should be used whenever it is profitable to do so. As in every other economic transaction in personal living, cost should be considered in deciding when to use a telegraph service.

Public Nature of Service. — As in the case of telephone companies and railroad companies, a telegraph company is a *public-service* business. It is a private business which is run for profit; but on the other hand, it cannot operate without public permission, since it must erect its poles and string its wires over property which must be acquired for this purpose. To do this, it is necessary for a telegraph company to secure a *right of way*. A single property owner might prevent a telegraph company from completing its lines if it were not for what

is called the *right of eminent domain*. This is a right which the government exercises in behalf of the telegraph company, by condemning the land which it needs and requiring that it be sold for a price which is fixed as a just one. Thus a private individual may not prevent the completion of a telegraph line which is regarded as of great importance to the people it will serve. There are many department stores, for example, but there are only two nationwide telegraph companies operating in this country. If it were not for a certain amount of government supervision, there might be an agreement between these two companies whereby rates would be disproportionately high for the service rendered; therefore, the government does exercise, through its various public-utility commissions, a certain amount of control over this important method of communication.

307

What do you think about these statements?

1. "Don't write; telegraph to save time." Is this always good advice? Explain.
2. Businessmen have more need of the telegram than do individuals for their personal affairs. Explain.
3. Never send a telegram when a letter will do as well. Explain.
4. Use the telegram when it will save money or serve some other useful purpose.
5. Each means of communication has its special uses. No single means will meet all needs. Explain.

308

How would you

1. Send a package to a friend in your own city if you must have it delivered in the quickest possible time? Explain fully the steps you would take.
2. Send flowers for the funeral of a friend in a distant city if you have only a few hours in which to get them there?
3. Send money to a friend who has wired for it to use in an emergency?
4. Find out the right time in case your watch or clock stops and you wish to set it correctly?

309

Can you

1. Explain the meaning of the expression "right of way" as used in connection with a telegraph company's lines?
2. Tell the difference between "public-" and "private-" service business and explain which kind a telegraph company is?

3. Tell what is meant by "right of eminent domain" and how this right helps both the public and the telegraph company?

310

In this unit the following words or words derived from them are used. You should add them to your vocabulary before proceeding to the next exercise. How can you be sure that they have been added to the words you know how to use?

- | | | |
|----------------------------|---------------------------|------------------------|
| 1. <i>condemn</i> | 6. <i>exactness</i> | 11. <i>supervision</i> |
| 2. <i>disproportionate</i> | 7. <i>interchangeable</i> | 12. <i>telegraphic</i> |
| 3. <i>domain</i> | 8. <i>operating</i> | 13. <i>terminal</i> |
| 4. <i>earliest</i> | 9. <i>permission</i> | 14. <i>whereabouts</i> |
| 5. <i>eminent</i> | 10. <i>subsequently</i> | |

311

1. John left home for a boys' camp. He promised to write his mother promptly of his safe arrival. He arrived at 6 P.M. A letter written promptly would have reached his mother by regular mail at 10 o'clock the following morning. The evening mail left at 8 P.M. At 9 P.M. he remembered his promise. Suggest several possibilities as to what he might do.

2. If a telephone message would cost John \$.60 and a telegram \$.33, how much would be saved by sending the latter? What per cent?

3. What would have been the cost of the promised letter, if it had been written and mailed for regular delivery? For special delivery?

4. John communicated with his mother daily during the fourteen days of his stay. He wrote letters on five days, but on six days he forgot to write until it was too late, and had to telegraph. On the remaining days he was so forgetful about the matter he had to telephone.

- How much did he spend on postage, telegrams, and telephone calls?
- How much of this amount was unnecessary?
- What per cent of his expenditures was wasted because of carelessness or forgetfulness?
- If John had \$15 to spend while at the camp, what per cent of it did he waste for unnecessarily expensive means of communication?
- Is it always wasteful to telephone or telegraph when a letter will be delivered with sufficient promptness?
- What reason might John have given for at least some of his telephone calls?

UNIT 50

KINDS OF TELEGRAPH MESSAGES

Full-Rate Telegram. — The *full-rate telegram* is one which will be sent as soon as possible after it is received by the sending office. It will be delivered as soon as possible after it reaches the receiving office of the telegraph company. This is the quickest and most expensive type of service. The lowest rate is for not more than ten words. Each extra word is charged for in addition to the minimum rate.

This type of service should be used when quick delivery of a message is important enough to justify its higher cost.

Day Letter. — The *day letter* should be used when one wishes to say more than can be said in ten words and yet desires fairly rapid communication. The rate for a day letter is based on a minimum number of fifty words, with an additional charge for each additional ten words or fraction thereof over this number. This type of message will not be sent at once if there are full-rate telegrams ahead of it. It will be sent during the day, however, as soon as the telegraph operator can find time for it. Except in rush hours, day letters will be sent promptly and may be used where the greatest speed is not necessary. The rate usually is $1\frac{1}{2}$ times the rate charged for regular telegrams.

Night Message. — The *night message* is an overnight message, which may be filed for transmission at any time up to two o'clock in the morning, with the understanding that it will be transmitted during the night and delivered not earlier than the morning of the ensuing day. As in fast telegrams, the minimum rate is for not more than ten words. Such messages are sent at a reduced price to encourage people to transmit messages during the night when operators are not so busy. This tends to distribute the business of sending telegrams over the twenty-four hours instead of having it all concentrated within usual business hours. Short night messages cost less than any other overnight service.

Night Letter. — The *night letter* is a message which is accepted for transmission up to 2 A.M. for delivery not earlier than the morning of the ensuing day. As in the case of the day letter, the minimum charge is for fifty words, with an extra charge for each additional group of ten words or less. This form of communication is used for fairly long messages when overnight handling will be

satisfactory. It often happens that the sender does not want to have the person addressed disturbed during the night to receive a message, but prefers that it shall be delivered the following morning. In this case the night letter, if the communication is long, or a night message, if it is short, is preferable to the fast telegram.

Everyone should know about these different types of messages and select an appropriate one when a telegram is to be sent. One always must have in mind the cost as well as the saving of time in choosing this type of communication. The sender should consider not only his own convenience but also that of the one who is to receive the telegram. Deliveries in the night should not be required except when absolutely necessary.

"Fixed text" messages may be sent to distant places at the rate of 25¢ for 15 words, or to local addresses at the rate of 20¢. By "fixed text" message is meant one in which the wording is supplied by the telegraph company. For example, there are many appropriate messages containing birthday greetings, and "Mother's Day" greetings, etc. If the sender chooses to write his own greeting, the rate is 35¢ for 15 words and 2½ cents for each additional word.

Cost of Telegraph Messages.—Tables of rates for the different kinds of service are shown on page 472. In the first table will be found charges for telegrams containing ten or more words with rates for different distances. For example, a telegram of ten words sent within the shortest distance shown would cost 20¢; to the next distant zone, 30¢; to the next, 36¢; and so on up to \$1.20. A telegram of fifteen words for the least distant point would be 25¢, and so on for each of the other distances included up to \$1.63 for the greatest distance shown.

The second table shows the rates for night messages. Where the ten-word telegram rate is 30¢, the night-message rate is only 24¢. In cases where the ten-word telegram rate is \$1.20, the night-message rate is but 60¢.

In the next table, the rates for day letters are shown. These rates are based on regular telegram rates.

In the fourth table, night-letter rates are shown. These also are based on telegram rates.

A night message of fifty words, if sent to the nearest point indicated, would cost 83¢ at regular night-message rates. However, this message would be sent as a night letter, since both night messages and night letters are delivered the following morning. The charge would be 20¢, as the number of words falls between one and fifty. This is shown in the fourth table, giving rates for night letters.

Since night letters and night messages are given identical handling by the telegraph company, it may either automatically decide which of the two services

should be applied to overnight messages and give the rate which is more economical for the customer, or it may ask him to determine which shall be used. For example, if a thirty-word message is filed destined to a place in the 42¢ zone, it would cost 54¢ as a night message and only 42¢ as a night letter. For that reason, such a message would probably be charged for at the night-letter rate. Night letters of from one to fifty words can be sent at the same rate.

Cost of Telegraphing Money. — For sending money by telegraph, there is a charge equal to the cost of a fifteen-word telegram to the point of destination, plus a service charge as follows :

Service Charges for Telegraphing Money

\$25 or less	\$.25
\$25.01 up to \$ 50.00	\$.35
\$50.01 up to \$ 75.00	\$.60
\$75.01 up to \$100.00	\$.85
Each additional \$100 or fraction thereof, up to and including \$3,000	\$.25
Each additional \$100 or fraction thereof, over \$3,000	\$.20

It will be seen that the cost of remitting fairly large sums of money is considerable. This service, in the interest of economic living, should not be used except when it is necessary to do so. This is not a reflection on this type of telegraph service, nor on the charge which is made for it; it merely indicates that in this type of transaction, as in every other, a person should select the service which is most satisfactory from the standpoint of its nature, cost, and the requirements of the individual using it.

How to Pay for Telegrams. — If the sender of a telegram wishes to pay for it, he may do so in one of these ways: (a) If he files the telegram for transmission with the agent of the telegraph company or at a telegraph office, he may pay in cash at that time and place; (b) if he dispatches it from a private telephone, he may pay for the message when he pays his telephone bill; (c) if he sends his message from a telephone pay station, he pays for it at the time he sends it.

If the sender wishes to have the telegram transmitted and paid for by the receiver, he indicates this fact when he sends it. The words "Send collect" may be written on the telegraph blank if it is filed at a telegraph office or sent by a messenger. If it is telephoned, one merely says, "Please send *collect*."

If an individual sends enough telegrams to justify an account with the telegraph company, he may arrange for credit and have bills sent to him monthly. This rarely is necessary in the case of individuals. As in most other cases, where it is possible to do so, it is best to pay cash.

If an account is kept with the telegraph company, messages received *collect* may be charged to this account also.

When a message is sent *collect*, the telegraph company will permit the addressee to open and read it, after which he has the option of either paying or refusing to pay for it. If he refuses to pay the charges, they will be collected from the sender, who will be given a full report of the circumstances. A telegram paid for in advance is known as a *paid telegram*; those paid for by the receiver are known as *collect telegrams*. Ordinarily speaking, one should not send a telegram *collect* except when the circumstances are such as to make this the proper thing to do. One should not try to save money by shifting the cost of a telegram to the receiver of it.

312

Kinds of messages

1. What is meant by a *full-rate telegram*, and when should this means of communication be used?

2. Tell how a *day letter* differs from a *full-rate telegram*, and explain why you might prefer it for some messages.

3. How does the *night message* differ from the *full-rate telegram*?

4. Why should people know about these different kinds of messages? Is it *always* best to use the kind that costs the least? Think carefully before answering.

313

Paying for telegrams

1. How and where would you pay for a telegram which

(a) you take to a telegraph office?

(b) you telephone to a telegraph office from your home?

(c) you telephone to a telegraph office over a pay telephone?

2. Will a telegraph company send a telegram for you with the understanding that it will be paid for by the receiver? Explain fully.

3. If you are the officer of an athletic association and find it necessary to send many telegrams each month, how may you arrange to pay for them?

4. If telegrams can be sent *collect*, why not send all of them that way and save money? Explain fully.

5. Which ordinarily is better, to pay cash or to have telegrams charged? Why? Remember that all such matters should be considered in relation to economic living.

314

Here are a few more words which you should know how to use correctly. Can you put them into sentences?

- | | | |
|-----------------------|----------------------|-----------------------|
| 1. <i>arrange</i> | 5. <i>equal</i> | 9. <i>prefer</i> |
| 2. <i>concentrate</i> | 6. <i>justify</i> | 10. <i>rarely</i> |
| 3. <i>destination</i> | 7. <i>ordinarily</i> | 11. <i>reflection</i> |
| 4. <i>elect</i> | 8. <i>overnight</i> | 12. <i>thereafter</i> |

315

1. If the regular rate for a ten-word message to a certain place is 48 cents
 - (a) What would be the charge for a twenty-one-word fast telegram to the same place?
 - (b) What would be the charge for a twenty-one-word night message?
 - (c) What would be the charge for a twenty-one-word day letter?
 - (d) What would be the charge for a twenty-one-word night letter?
 - (e) What per cent of the regular rate would you save on a twenty-one-word message
 - (1) By using the night letter?
 - (2) By using the day letter?
 - (3) By using the night message?
2. Prepare a table of costs for telegrams and night messages by consulting the rates in the tables on page 472.

NUMBER OF WORDS IN THE MESSAGE	RATE FOR FAST TELEGRAM	RATE FOR NIGHT MESSAGE	SAVING BY USING NIGHT MESSAGE	PER CENT OF SAVING
10	\$.60	?	?	?
12	?	?	?	?
15	?	?	?	?
17	?	?	?	?
18	?	?	?	?
20	?	?	?	?
22	?	?	?	?
23	?	?	?	?
24	?	?	?	?
25	?	?	?	?

TABLES OF TELEGRAPH RATES FOR COMPUTING TOLLS

Table No. 1 — Telegrams										Table No. 2 — Night Messages									
Zones		1	2	3	4	5	6	7	8	9	Number of words	Where the Ten-Word Telegram Rate is							
Rate, 10 words		.20	.30	.36	.42	.48	.60	.72	.90	1.20		.30	.36	.42	.48	.60	.72	.90	1.20
11 words		.21	.33	.39	.45	.52	.64	.77	.96	1.29	10	.24	.30	.36	.42	.48	.54	.60	
12 words		.22	.35	.41	.47	.55	.67	.82	1.02	1.37	11	.26	.32	.38	.44	.50	.57	.63	
13 words		.23	.38	.44	.50	.59	.71	.87	1.08	1.46	12	.27	.33	.39	.45	.51	.59	.65	
14 words		.24	.40	.46	.52	.62	.74	.92	1.14	1.54	13	.28	.34	.40	.46	.52	.62	.68	
15 words		.25	.43	.49	.55	.66	.78	.97	1.20	1.63	14	.29	.35	.41	.47	.53	.64	.70	
											15	.30	.36	.42	.48	.54	.66	.72	
Each additional word		.01	.02½	.02½	.02½	.03½	.03½	.05	.06	.08½	Additional words	.01½	.01½	.01½	.01½	.01½	.02¼	.02¼	

Number of words	Table No. 3 — Day Letters										Table No. 4 — Night Letters									
	Based on Telegram Rates of										Based on Telegram Rates of									
	.20	.30	.36	.42	.48	.60	.72	.90	1.20		.20	.30	.36	.42	.48	.60	.72	.90	1.20	
1 to 50	.30	.45	.54	.63	.72	.90	1.08	1.35	1.80	1 to 50	.20	.30	.36	.42	.48	.60	.72	.90	1.20	
51 to 60	.36	.54	.65	.76	.87	1.08	1.30	1.62	2.16	51 to 60	.24	.36	.44	.51	.58	.72	.87	1.08	1.44	
61 to 70	.42	.63	.76	.89	1.01	1.25	1.52	1.89	2.52	61 to 70	.28	.42	.51	.59	.68	.84	1.01	1.26	1.68	
71 to 80	.48	.72	.87	1.01	1.16	1.44	1.73	2.16	2.88	71 to 80	.32	.48	.58	.68	.77	.96	1.16	1.44	1.92	
81 to 90	.54	.81	.98	1.14	1.30	1.62	1.95	2.43	3.24	81 to 90	.36	.54	.65	.76	.87	1.08	1.30	1.62	2.16	
91 to 100	.60	.90	1.08	1.26	1.44	1.80	2.16	2.70	3.60	91 to 100	.40	.60	.72	.84	.96	1.20	1.44	1.80	2.40	
101 to 110	.66	.99	1.19	1.39	1.59	1.98	2.38	2.97	3.96	101 to 110	.44	.66	.80	.93	1.06	1.32	1.59	1.98	2.64	
111 to 120	.72	1.08	1.30	1.52	1.73	2.16	2.60	3.24	4.32	111 to 120	.48	.72	.87	1.01	1.16	1.44	1.73	2.16	2.88	
121 to 130	.78	1.17	1.41	1.64	1.88	2.34	2.81	3.51	4.68	121 to 130	.52	.78	.94	1.10	1.25	1.56	1.88	2.34	3.12	
131 to 140	.84	1.26	1.52	1.77	2.02	2.52	3.03	3.78	5.04	131 to 140	.56	.84	1.01	1.18	1.35	1.68	2.02	2.52	3.36	
141 to 150	.90	1.35	1.62	1.89	2.16	2.70	3.24	4.05	5.40	141 to 150	.60	.90	1.08	1.26	1.44	1.80	2.16	2.70	3.60	

5. Using the tables of telegraph rates, answer the following questions:
- (a) What is the cost of sending a ten-word full-rate telegram from Indianapolis, Indiana, to Des Moines, Iowa? (Zone 6.) What does a ten-word night message cost? A fifty-word night letter? A fifty-word day letter?
 - (b) What is the cost of sending a ten-word full-rate telegram from Dallas, Texas, to Boise, Idaho? (Zone 8.) What does a ten-word night message cost? A fifty-word night letter? A fifty-word day letter?
 - (c) What is the cost of sending a ten-word full-rate telegram from one address in Denver, Colorado, to another address in the same city? What does a ten-word night message cost? A fifty-word night letter? A fifty-word day letter?
 - (d) What is the cost of sending a ten-word full-rate telegram from Des Moines, Iowa, to Birmingham, Alabama? (Zone 7.) What does a ten-word night message cost? A fifty-word night letter? A fifty-word day letter?
 - (e) What is the cost of sending a ten-word full-rate telegram from Boston, Massachusetts, to Baltimore, Maryland? (Zone 5.) What does a ten-word night message cost? A fifty-word night letter? A fifty-word day letter?

UNIT 51

OTHER USEFUL INFORMATION ABOUT TELEGRAPHING

No Charge for Address. — No charge is made for necessary words used in the address; therefore, there is no advantage in making the address too brief. Write it as fully as is necessary to insure delivery promptly and correctly. Do not use abbreviations. If there are extra and unusual words or instructions in an address, there will be a charge for them. For example, a message might be addressed to "Charles Gray or his brother, 37 Broadway, New York." The words "or his brother" would be charged for at the same rate as words in the message. If you do not know at which of two addresses an individual may be reached, you may find it necessary to address your telegram as follows: "Albert White, 56 Main Street, or 45 State Street, Rochester, New York." In this case, the words "or 45 State Street" will be charged for at the usual rate. Remember, however, that it is better to pay for this extra information than it is to risk delay or failure in delivery of a message.

Sender's Address for Answer. — The telegraph company usually asks for the sender's address to use in case an answer is received or so that he may be promptly notified if the telegram cannot be delivered. If the sender is well known to the person to whom he is sending the telegram, or in the city where he resides, it is not necessary to leave an address. If the local address of the sender is a temporary one, it may be undesirable to give that address. A person who is traveling, for example, may have no permanent address at which he can receive telegrams. It is desirable, however, if an answer is expected or likely, to tell the telegraph company how to deliver it. Often one's telephone number should be given also to facilitate telephoning messages as received.

Insuring a Telegram. — If the message is a very important one, the sender may have it *insured* or *specially valued*. If this is done, the telegraph company will be liable for damage due to failure to send or deliver the message properly. An amount up to that stated in the insurance contract can be recovered. In cases where a loss of money may result from any mistake made in sending or receiving a telegram, it is best to insure it and thus avoid possible loss. The company charges for this extra service and then takes great care to see that no

mistake is made. As in all similar cases, a claim for damages must be filed promptly with the telegraph company if a loss is sustained by reason of a mistake in transmitting or receiving the message.

Repeating Back a Telegram. — The sender may request that a telegram of importance be *repeated back* by the receiving operator to the sending operator to make sure that no mistake has been made by either operator. This extra service is charged for, but it will prevent many mistakes. If the sending operator receives the message again exactly as he sent it, this is fairly good evidence that no mistake has been made either in transmission or in reception. In all messages of ordinary importance this precaution is unnecessary. In messages about financial matters, repeat-back service may be desirable in extraordinary cases. However, telegraph companies now maintain such a high standard of accuracy in sending telegrams that they no longer recommend the repeat-back service as practical or economical.

Reporting Delivery. — It often happens that the sender wants to be sure that the person to whom the message is sent has actually received it. In that case, he may ask the telegraph company to have the operator receiving and delivering it *report back* the fact that delivery has been made. A charge is made for this report, but it frequently is a justifiable expense. It adds to the evidence of the original telegram that delivery actually has been made. This is of special importance in sending money by telegraph. If a delivery report is desired, this fact may be indicated by writing "delivery report desired" at the top of the telegram.

Answer Desired. — The nature of the telegram itself ordinarily will indicate to the one receiving it whether or not a reply is desired or necessary. However, if there is any possibility that the receiver will not know that the sender desires a telegraphic reply immediately, it is best to include in the telegram words indicating that such a reply is desired. The simple word "Wire" usually is sufficient. Telegraph companies, however, are anxious to secure additional business, and if the sender says that he desires an answer, the sending operator will tell the receiving operator that an answer is desired. The messenger who delivers the message will ask the receiver for an answer to be transmitted back to the sender. The receiver will use his own judgment as to whether or not his answer will be made at once. The answering message, of course, must be paid for as this is not a free service on the part of the company.

Telegraph Blank a Contract. — The telegraph blank is a contract between the company and the sender. On the back of the blank are certain conditions which are agreed to when the blank is used. One important condition is that in the case of an unrepeat message the telegraph company's liability in case of loss through mistake on the part of its agent is limited to \$500. If a telegram

is repeated back, as has been explained above, this has the effect of raising the limit of possible liability to \$5,000. If a still higher limit is desired, it can be done by valuing the message and paying one tenth of one per cent of the amount by which the valuation exceeds \$5,000.

There also are certain other agreements, among them one with respect to delivery of the telegram to the person addressed. No charge is made for the delivery of messages within the corporate limits of cities and towns. Beyond such limits and in outlying thinly settled areas, the actual cost of delivery is collected from the addressee, or may be prepaid by the sender, if there is no telephone which may be used. It is customary for telegraph companies to telephone telegrams when possible to addressees located in outlying sections where extra charges would be involved for making delivery by messenger. After this is done, the telegram will at the addressee's request be mailed to him or be delivered by messenger and the delivery charges, if any, collected. This usually is satisfactory to the receiver. The person to whom the message is telephoned may indicate how he wishes to receive a copy of it. Unless the receiver requests it, telephoned telegrams will not be delivered at all; therefore, if a person wishes a copy for his files, he should ask that delivery be made either by mail or by messenger. In personal business transactions this is the best procedure to follow.

Acknowledgment and Confirmation of Telegrams. — Upon receipt of a telegram for which a telegraphic answer is not desired, it is best to acknowledge it by letter at once, even though no particular answer is called for. It is a matter of courtesy to let the sender of the telegram know that it has been received. A brief statement to this effect usually is all that is required.

When one sends a telegram, it also is best to send a letter in which a copy of the telegram is included. This is called a *confirmation* of the telegram. In sending telegrams not regarded as of enough importance to justify insurance, confirmation is a precaution against any misunderstanding because of an error on the part of the telegraph company's operators or on the part of the receiver of the message. It often is desirable also to add important details to those which have been incorporated in the telegram. Some slight expense of time and money for postage and stationery is involved in this practice of confirming telegrams. However, in the long run it is best, since it is likely to prevent greater loss through mistakes and misunderstanding.

Economies in telegraphing 316

1. Does the telegraph company ever charge for the address in a telegram?
2. Write three addresses, each containing words for which the company will charge.

3. Why increase the cost by including such words? Is this not wasteful?
4. Should a person ever include his own address in a telegram which he is sending?
5. Is it natural that a telegraph company should want you to ask for a telegraphic reply to a telegram? Why?
6. Should you always indicate that you expect a telegraphic reply? Why?
7. If you desire a reply by telegram, how may you indicate that fact most economically?
8. In sending an important telegram, how can you be reasonably sure that it has been sent and received correctly by the telegraph operators? Does this cost extra? Should this extra expense always be incurred? Why?
9. Suppose that you wish to know to whom and at what time a message is delivered. What should you do? Why not require the same thing when sending any message?
10. Suppose the sender of a telegram will lose money if a mistake is made by the operator. What can he do to protect himself?
11. If he does not take the above precaution, how much may he be able to collect from the company in case an operator's mistake causes loss?
12. What is meant by "confirmation"? Why is this good practice?
13. Upon receipt of a telegram which does not call for an answer, what should the receiver do? Why?

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Without an understanding of the more commonly used words, you are handicapped in life. Here are some more that you should know how to use.

- | | | |
|------------------------|-----------------------|------------------------|
| 1. <i>authority</i> | 5. <i>justifiable</i> | 9. <i>specially</i> |
| 2. <i>confirmation</i> | 6. <i>liable</i> | 10. <i>temporary</i> |
| 3. <i>facilitate</i> | 7. <i>likely</i> | 11. <i>unavoidable</i> |
| 4. <i>incorporate</i> | 8. <i>reception</i> | |

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1. John is not sure about the address of his brother Henry, so instead of asking his sister who does know, he addresses the telegram as follows: "47 Seneca St. or 56 Seneca Parkway." If the ten-word rate is \$.72 with an additional charge of \$.05 for each word, how much does he waste?

2. John, above, wishes a telegraphic reply to his telegram and includes these words in his message: "Telegraph me your answer." Can you suggest a way of saving money? How much?

3. John sends his telegram from his home address, which is known to Henry, but adds it to his telegram as follows: "Culver Road, Rochester." How much loss does this cause him?

4. John's telegram was not financially important, but he had it repeated back and paid \$.46 for this service.

- (a) What was the total cost of sending his telegram, including all items?
- (b) How much of this expense was unnecessary?
- (c) What per cent of the total cost was wasteful and uneconomical?
- (d) At the same rate of waste, how much of a year's telegraph bill for \$79.80 would be wasted?

UNIT 52

THE TELEGRAM AND HOW TO SEND IT

What a Telegram Should Contain. — A telegram should contain the following items and be written on a telegraph blank :

- (1) The date and place from which the telegram is being sent, written in the same place as in the heading of a letter.
- (2) The address to which the telegram is going. This is written in the same way as is the introductory address in a letter.
- (3) The message itself.
- (4) The signature of the sender.
- (5) In the upper left-hand corner of the telegraph blank, an X, marked opposite the type of service desired. See Illustration 77. It will be noted that there are several kinds of service, each costing a different amount. Each has a particular usefulness, and the sender of a telegram should decide carefully which one will meet his needs best. If the sender wishes the message to be sent and delivered at once, he will choose the service called the *telegram*. The telegraph company will receive, transmit, and deliver the telegram with all possible speed, regardless of the hour of the day or of any inconvenience in making delivery.

Writing the Message. — Having decided on the type of service required, the next step is to prepare the message. It should be written carefully, to make sure that the sender is saying exactly what he wants to say and in the smallest possible number of words. This is important, because the cost of the telegram will be increased by each word used in excess of ten. In attempting to write a brief telegram, it is easy to obscure its meaning; therefore, the sender should read what he has written very carefully and should never sacrifice clearness to brevity. It is better to pay for an extra word or two than to compel the receiver to wire for further information. If the receiver must do this, it is only fair to him that the expense for this unnecessary telegram be borne by the original sender.

Here is one way to write a telegram. Write it as if it were a brief letter; then erase unnecessary words. With a little practice, you will find that many words used in letters can be omitted without obscuring the meaning of the message. It also should be emphasized that strict rules for grammar are not essential

for writing a telegram. Punctuation, for example, may be omitted to a large extent. The word "stop" may be used in place of a period when it seems necessary to indicate the end of a statement. If it is clear from the words used that a sentence has been completed, it is not necessary to insert "stop." This additional word is charged for in the telegram if the message runs beyond ten words.

CLASS OF SERVICE DESIRED		1217-A	
DOMESTIC	CABLE	NO.	CASH OR CHG.
TELEGRAM	FULL RATE		
DAY LETTER	DEFERRED	CHECK	
NIGHT MESSAGE	CABLE LETTER	TIME FILED	
NIGHT LETTER			

WESTERN UNION

NEWCOMB CARLTON, PRESIDENT
J. C. WILLEVER, FIRST VICE-PRESIDENT

Patrons should check class of service desired; otherwise message will be transmitted as a full-rate communication.

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Seattle, Wash.

April 25, 1936

Sherman Mfg. Company

25 Liberty St.

Tacoma, Wash.

I accept clerkship you offer. Will begin work May first

William Anderson

ILLUSTRATION 77. A FULL-RATE TELEGRAM

Suppose that you have written the following letter but decide that it will be best to revise it and send it in the form of a telegram:

"I am sorry, but I shall not be able to attend your conference next Monday afternoon. Please let me have a report of what is done at this meeting when you have time to write me."

This letter might be reduced to the desirable ten words as follows: "Cannot attend conference Monday Sorry Write results meeting your convenience."

This message is not in the form of good English, but it will be understood by one who knows what it is about. Messages about matters with which the receiver is not familiar should be somewhat more complete to avoid any misunderstanding.

Sending a Telegram. — The next step after a telegram is written is to deliver it to the telegraph company's agent to be sent as directed. This may be done by calling a messenger from the telegraph office in cities or towns where offices are located, or by taking it to an office and handing it in in person. At the time the message is accepted, the fee charged for it will be paid to the company's agent unless the sender has a charge account or desires to have the telegram sent *collect*. In this latter case, the cost will be collected from the addressee if he wishes to pay it after reading the telegram; or from the sender if the addressee declines to pay.

In cities many telegraph offices where telegrams may be sent are maintained for the convenience of those who wish to send such messages. In most large hotels there is a telegraph operator for the convenience of guests.

The telegraph company will install without charge in the offices of business concerns located usually within about one-half mile of one of its offices an instrument for summoning messengers to pick up telegrams. In the absence of this device, the telegraph company may be called by telephone to have a messenger sent for a telegram; but if the sender is located at some distance from the telegraph office, considerable time will be saved by giving the telegraph company the telegram over the telephone. Businessmen usually do not telephone their telegraph messages without writing them, because they wish to keep carbon copies for their own files. In business transactions this is as important for individuals as it is for businessmen; therefore, in sending a telegram about an important matter of business, one should keep a copy of it in one's own file. The telegraph company will have the original telegram at the office from which it was sent. This, or a copy of it, can be secured in case there is any dispute about the message. For this reason, copies of telegrams are not quite so important as are copies of letters.

If the message is telephoned, it should be read very carefully and distinctly, and the operator should be asked to read it back to make sure that there has been no mistake in receiving it. This is not an absolute guarantee that there will be no mistake in transmitting it, but it is a precaution which one should take to lessen the risk of mistakes. On the whole, it is better practice to write a message on a telegraph blank, make a copy of what is written, and then file the message directly at the office of the telegraph company, either in person or through a messenger called for that purpose.

Remember that in sending or writing telegrams, mistakes which lead to misunderstanding frequently result in economic loss. In any event, time and money should be saved as far as possible through the exercise of unusual care in sending telegrams.

Telephoning Telegrams. — In the preceding discussion of how to send a telegram, we have assumed that the message will be filed for transmission directly at the office of the telegraph company or with a representative of that office. We shall now consider the steps to take in dispatching a telegram by telephone.

The procedure is as follows: After the telegram has been written and the type of service desired has been determined, take down the telephone receiver and ask the operator to give you Western Union or Postal Telegraph, according to your preference. When the telegraph operator answers, she will be ready to take your message. Tell her that you wish to send a message from Telephone No. (indicating your own number). Indicate the type of message you wish to send. When the operator is ready, read the telegram carefully, not faster than the operator can take it on the typewriter. Spell words which may be misunderstood, such as personal names or trade names. Tell the operator whether you wish the message sent collect or prepaid. Give the signature just as you wish it to appear on the telegram.

When giving the telephone number, also give the address at which the telephone is located and the name in which it is listed. This is of special importance if it is not listed under the name of the sender of the telegram. The charge for this telegram, if it is a prepaid one, will be added at the end of the month to the telephone bill of the subscriber from whose telephone number it is sent.

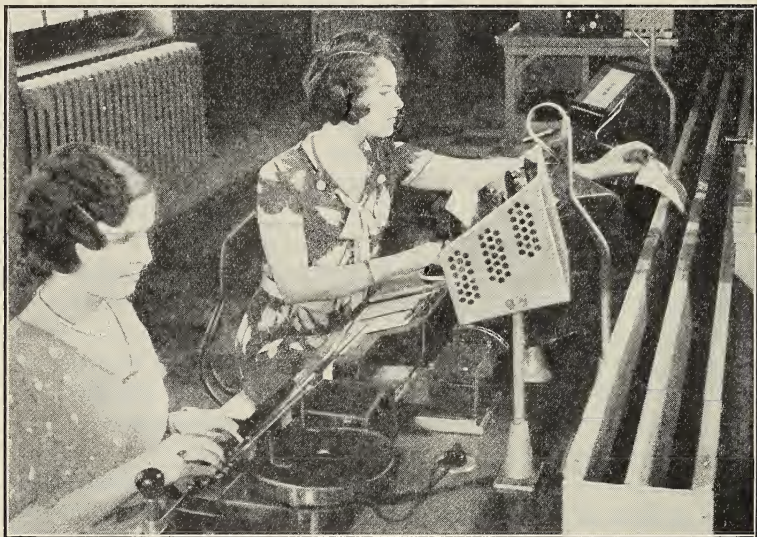
Here is a summary of the procedure in telephoning a message:

- (1) Take down the receiver and say,
- (2) "Western Union" (or "Postal Telegraph"). When clerk answers, say,
- (3) "I wish to send a prepaid telegram from telephone Kenmore 3843, at 560 Commonwealth Ave., listed in my name, George Graham." When clerk indicates that she is ready for the message,
- (4) Read it as written. After message has been given, say,
- (5) "Sign George Graham" (spelling the last name). Then say,
- (6) "Please read it back."

A public telephone of the coin-box variety may be used in telephoning a telegram by calling the operator and asking for the telegraph company in the usual way. In this case, the operator will indicate the cost of the message, and the proper amount will be deposited in the telephone coin box.

Telegraph-Typewriter. — It is not necessary to go into details regarding the use of what is known as the *telegraph-typewriter*. This is a modern instrument used by businessmen, most of whom are located a considerable distance from the telegraph office, for convenience in sending and receiving telegrams. It is a typing machine which is connected by wires with the operating room of the telegraph company and enables one to type messages and at the same time have

them recorded on a tape in the telegraph company's office. The machine is also used for the receipt of messages in the businessman's office. Then the telegraph company types messages for this office, and they are recorded on tape by this receiving machine. Such telegrams may be read from the tape itself, or the tape may be detached from the machine and pasted on paper for filing. For individual use, this type of telegraph instrument is of little importance.



Courtesy of Western Union

In this operating room of a central telegraph office one girl (right) is distributing telegrams according to main cities. She drops the telegrams on moving belts that convey the messages to operators who handle the telegrams for specified cities. The other girl (left) is operating a receiving instrument and printing messages on gummed tape.

How Travelers May File Telegrams. — On railroad trains, especially in Pullman cars, telegraph blanks are provided in a convenient place. One may write a telegram and hand it to one of the train officials for delivery to the telegraph office at the next station. At important stops, telegraph messengers pass through trains accepting telegrams directly from passengers. In airplane, boat, and bus travel the same procedure may be followed. For individuals traveling through the country by automobile, every public telephone is a sub-telegraph station. In addition many authorized agents of the telegraph company are located along the highways and will accept telegrams from senders, collect the charges, and turn them over to the telegraph company for transmission and delivery.

If a person wishes to communicate with a traveler and knows where he will

stop at a certain time, he may address a message to him at that point. A telegraph messenger will deliver it to the addressee personally if the train, airplane, or bus stops long enough and if not, to the proper train, airplane, or bus official, who in turn will deliver it to the passenger. Practically all steamships are equipped with wireless, and messages are received and dispatched by this means without waiting for ports of call.

One should remember that there are many ways in which telegrams may be sent and that telegraph service should be used whenever it is an advantage to do so.

The telegram

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1. What are the five things all telegrams should contain?
2. Which is more important in a telegram, brevity or clearness? Why?
3. In writing a telegram, may one omit certain words which would be required in a good letter? Explain.
4. Mention one good way to go about writing a telegram.
5. How is the word "stop" used in a telegraphic message? Why is it used?
6. Mention several ways in which a telegram may be dispatched after it is written.
7. Explain why it sometimes is better to take a telegram to the telegraph office instead of telephoning it.
8. What are the six steps in telephoning a telegram to the telegraph office?
9. Can you reach a traveler by telegraph while he is en route by train to a distant place? How would you try to do it?

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Write a brief essay on the economical use of telegraphic service. Try to recall the ways in which money can be saved in sending telegrams. This essay need not be long, but it should include reference to the more important lessons in economic living learned through these units on telegraph service.

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Useful words to add to your vocabulary:

- | | | |
|----------------------|----------------------|---------------------------|
| 1. <i>brevity</i> | 6. <i>dispute</i> | 11. <i>grammar</i> |
| 2. <i>choose</i> | 7. <i>distinctly</i> | 12. <i>obscure</i> |
| 3. <i>conference</i> | 8. <i>erase</i> | 13. <i>prepare</i> |
| 4. <i>decide</i> | 9. <i>familiar</i> | 14. <i>representative</i> |
| 5. <i>detach</i> | 10. <i>further</i> | |

Writing telegrams

1. You need a copy of *Leatherstocking Tales* by Cooper for use next Monday. It was ordered from the Excelsior Publishing Co. two weeks ago. Write a telegram to that company.

2. Your parents are away from home, and you want to have their consent to play basketball on your high-school team. The coach wishes you to play, the physical director says it will benefit you, and the principal has no objections to your playing. The first game is only a week distant, and practice must begin at once. There will be a charge of \$3.50 for a suit. Games will be played in the afternoon instead of the evening. All these matters have been discussed with your parents, but as yet they have not given their consent. Telegraph them for a decision. The fast-telegram rate to their present address is \$.90.

(a) Write a message. Omit no essential.

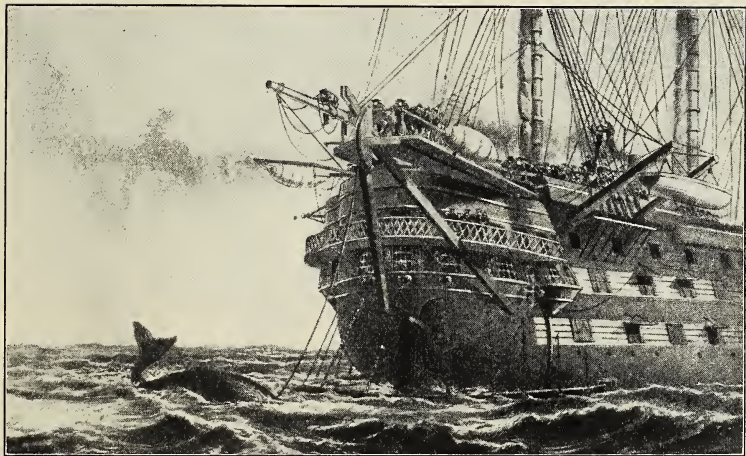
(b) Decide whether to use a fast telegram, a night message, a day letter, or a night letter, and explain your choice.

(c) What will it cost?

3. You are at a summer camp. The athletic director is organizing a two-day hike over the mountains. When you left home, your parents asked you not to take long hikes. Everyone else in the camp is going. The camp director believes you should go but wants your parents' consent. Write a fast telegram, asking permission to go. Waste no words. The rate is \$.90 for ten words. Each additional word costs \$.06.

UNIT 53

CABLE SERVICE AND RADIOGRAMS



A whale fouls the lines as H.M.S. *Agamemnon* lays the Atlantic telegraph cable in 1858.

Cable Service. — A cablegram is a written communication transmitted through the medium of a submarine cable laid on the ocean floor or bottom. Cablegrams are transmitted and received in much the same manner as are telegrams. However, in the preparation of an oversea message, it is important, from an economic standpoint, to employ the minimum number of words, since all words to be transmitted, including those in the address and signature, are counted as chargeable words.

Codes. — Owing to the fact that all words used in a cablegram are charged for, it is customary to use codes to reduce the number of words necessary. A code is a list of letter combinations, each one of which may represent several words or perhaps an entire sentence. Telegraph and cable companies have books in which will be found code words for use in sending cablegrams. Code words contain five letters, and if in a *private* code more letters are used, each five letters are charged for as a word. "OBVEG," a code word, may be substituted for "LEAVING FOR," and "OLAMI" for "PLEASE REPLY VIA CABLE."

Many business firms, especially those that receive frequent foreign communications by cable, have code words for their addresses. For example, if someone should be addressing a cablegram to the American Book Company, 88 Lexington Avenue, New York, all that would be necessary would be to use the following letters: *Ambookco* and the name of the city. This code address would save paying for several words.

Classes of Cable Messages. — There are several standard classifications of cablegrams. These are identified as urgent, urgent CDE, ordinary or full-rate, CDE, deferred (half-rate), and the cable night letter. The urgent and urgent CDE are used for messages requiring instantaneous transmission and delivery. The messages in these classes enjoy preference in transmission over all classes except official government messages. Messages may be in plain language or code language. Messages in five-letter code are identified as CDE. The ordinary or full-rate is for messages in plain language or code which require prompt transmission and delivery. In this classification, plain-language words are counted at the rate of five letters for each chargeable unit. The rate for code language is calculated at 60% of the ordinary or full rate. In transmission, the CDE message takes its turn with messages filed at the ordinary or full rate.

Deferred (Half-Rate) Cablegrams. — Messages in this classification are accepted at one half of the ordinary or full-rate toll and may be written in any language that can be expressed in roman letters, code language prohibited. Messages are identified by the indicator "LC," a chargeable prefix, and are deferred in transmission, preference being given to CDE, ordinary or full-rate, and urgent-rate messages. Such deferment in transmission does not exceed twenty-four hours.

Cable Night Letters. — Messages in this classification are accepted by the communication companies for transmission up to and including midnight, for delivery at destination at the opening of business the following day, except messages destined for the Near East, Far East, Africa, and South America, where the delivery is not made until the second morning after filing. The charge for cable night letters is based on one third of the full or ordinary rate, with a minimum charge for twenty-five words. This service is suitable for long, overnight business communications and for social communications.

Radiograms. — Another form of communication which is very much like the telegraph method of communication is the radiogram. Messages are now accepted for transmission to distant places by means of wireless communication. Ships at sea are in almost continuous communication with the land. Messages may be sent by people on shipboard to their friends on shore, however

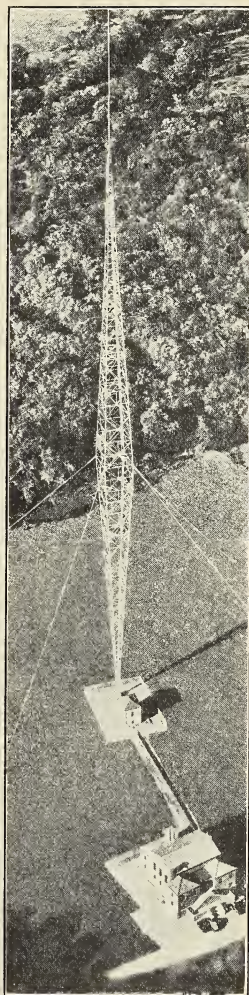
distant they may be from the point which they wish to reach. Likewise, friends on shore may have occasion to use this service.

Messages may be sent to points in distant countries by radiogram. An official of the Radio Corporation of America, speaking at a large gathering in Boston, gave to a telegraph operator at his side a message in which he asked those who might pick it up at sea, or in foreign countries, to reply at once. His message was telegraphed to the sending station of the wireless company at Chatham, Massachusetts. From there it was sent out on the air by wireless. Within a half-hour this same speaker had received replies from Berlin, London, Moscow, Rome, a half-dozen ships in various parts of the Atlantic Ocean, and finally from a ship over 4,500 miles distant in the Pacific Ocean. This merely illustrates the rapidity with which wireless messages may be sent and replies received.

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Cable service

1. What is a cablegram?
2. How is a cablegram sent?
3. Why is it necessary to be especially careful about the number of words in a cablegram?
4. Is there a charge for the address? Is it charged for in a telegram?
5. How is it possible to say much in a few words when sending a cablegram?
6. How many letters are permitted as one word in a code word? What happens if more letters are used in a single code word?
7. What is the difference between a cablegram and a night letter? Which is the cheaper? About how much?
8. What is a radiogram?
9. Is the ordinary radiobroadcast a means of communication? Explain.



Columbia Broadcasting System
Station WABC operates in Wayne, New Jersey. The antenna used is a "vertical radiator," 625 feet high. The structural part of this mast is 550 feet high and is surmounted with a 75-foot pole. On top of the pole is a metallic ball.

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Here are a few more useful words for study if you do not already know them.

- | | | |
|---------------------|-------------------------|----------------------|
| 1. <i>cable</i> | 5. <i>deferred</i> | 9. <i>preference</i> |
| 2. <i>cablegram</i> | 6. <i>dispatched</i> | 10. <i>radiogram</i> |
| 3. <i>code</i> | 7. <i>indicator</i> | 11. <i>rapidity</i> |
| 4. <i>deferment</i> | 8. <i>instantaneous</i> | 12. <i>wireless</i> |

UNIT 54

NATURE AND KINDS OF TELEPHONE SERVICE

Scope of Telephone Service. — We have considered the letter as a means of communicating with people. We also have discussed a more rapid type of communication known as the telegraph. We are now to consider a third means which is even more rapid than the other two. As already has been said, it is important to remember that each kind of communication has its own peculiar service to render. Sometimes it is best to use one; sometimes it is best to use another. It also must be remembered that each type of service costs money; that the cost is proportionate to the service rendered; that, other things being equal, it is best in the interest of economic living to use the method which is least expensive. On the other hand, it is preferable to use the more expensive means if in doing so one's purposes in communicating are better carried out.

There is another thing to remember in connection with telephone service. As in all other cases, wastefulness and carelessness add to the expense of telephoning. Everyone should understand how the telephone is operated and how to get the most out of this particular communication service. Becoming efficient in its use is the only way in which one can use it to the best advantage.

The telephone was invented by Alexander Graham Bell in 1876. Although a comparatively recent invention, the telephone is now used throughout the world by city and country dwellers alike. It stretches up into the mountains and out over the vast plains. It helps the forest rangers to prevent forest fires; it enables the people in New York to talk with people in San Francisco or in London, although these cities are about 3,000 miles apart. Passengers aboard ships at sea can speak with their friends on shore. The telephone never sleeps. Operators are always ready for any call that may come, night or day. The telephone renders both local and long-distance service with equal facility.

The telephone makes it possible for you to have the good radio programs you enjoy. If it were not for what are called hookups, it would not be possible for such a large number of stations to enjoy clear reception of programs given in New York or some other important center. These programs are sent out from the central broadcasting stations by wire to forty or more cities scattered throughout the United States, where they are rebroadcast over local broad-

casting systems. This hookup method of distribution prevents much of the interference known as static, which otherwise would prevent clear reception of programs originating at a distance.

Nearly all people in this country are served by the telephone. Formerly, only those who lived in centers of population were within reach of telephone service. Now every village has its service, and thousands of farmers in the country are served by a telephone company. Furthermore, it now is possible to talk with people abroad by telephone connection. This is a great public service. Few people realize what a great convenience the telephone is and the amount of careful planning which is necessary to enable one to telephone easily without regard for distance.

Service to Business. — Small businesses usually have but one telephone in the office. This telephone is used in exactly the same way as it is used in homes. Larger businesses frequently find it necessary to have several telephones at different places in their business establishments. Where there is a large number of incoming and outgoing calls every day for officers and other employees of a business, it is desirable to have a central place to receive and send messages. A private branch exchange, which is called a P.B.X. board, is installed for convenience. A special operator is employed by the businessman or firm to operate this switchboard. All calls for the company are received by this operator, who makes the proper connections with extension telephones scattered throughout the building. Outgoing calls are given to the switchboard operator, who in turn makes the proper connection with the outside telephone. When this connection is complete, the person making the call may carry on a conversation just as if he had completed the call himself. In the same way the different departments of a business are connected with each other through this central switchboard. In telephoning a company that has a private exchange, it should be remembered that an operator will answer and that it will be necessary to communicate with the person wanted through this operator.

Teletypewriter Service. — While you are in school, you are accustomed to think of telephone service in terms of the telephone instrument that you see in your home. But when you enter business, you will quickly find that telephone service branches out in many directions. Teletypewriter service is an example of this.

Teletypewriter service can be thought of as exactly like regular telephone service except that the words that are sent over the wires are typewritten instead of spoken. If you should wish to teletype a message to someone, say in a city across the country, you would simply sit down at the teletypewriter that had been installed in your office by the telephone company and type the message

exactly as you would if you were writing a letter. You could at the same time make several carbon copies of the letter for your files. The words that you would type out on your teletypewriter would be simultaneously typed by the teletypewriter machine in the distant city. No operator would be needed at the distant machine, the message going through automatically.

Teletypewriter service is becoming more important in business every year, and although it is comparatively new, teletypewriter machines are already quite common in large business offices.

Conference Service. — Another telephone service which is becoming very important in the business world is conference service. Before this service was inaugurated, only two people could, under ordinary circumstances, hold a conversation over the telephone at the same time. Today, with the new conference service, a large number of people can join in the same conversation. An example of the way it works is as follows:

A company in San Francisco has its main office in the downtown section and five stores scattered all over the city. The general manager of the company wishes to speak with each one of his store managers every morning to give them special instructions necessary for the day's business. Consequently, just before the day's business begins, he puts in a conference call to all five stores. Within a few minutes he is able to speak to all his managers, give them their instructions, and answer any questions that they may have to ask him. It is all done quickly and efficiently.

Had the stores all been in different cities, it would have made no difference. Conference calls over long distances can be made with the same ease and speed as can a single long-distance call.

Service to the Home. — Almost anyone living within reach of a telephone exchange may have a telephone installed in his home. A number of kinds of lines may be had at different rates. There is the *individual line*, which gives a person exclusive use of the line for his own purposes. In this case, there is no danger of finding someone on the line when one wishes to use the telephone. This service costs more than other forms of service, but it is worth more if the user has much telephoning to do, or is called many times each day, or has business which he does not want listeners-in to hear. In the interest of economic living, however, it should be kept in mind that an individual who finds it necessary to keep his expenses down and who has no special justification for it, should not go to the greater expense of having an individual line.

Party lines are used by many people. These lines serve more than one home — often as many as a dozen in country districts. There are two-party lines which serve people at two addresses; there are four-party lines which are

used by four subscribers. A party line costs less than an individual line and serves all ordinary purposes in connection with home telephoning. Each person must decide for himself which service he requires and arrange for that which will best meet his specific needs at the lowest possible expense. Party lines are listed in directories in the usual way, with the name of the exchange, the number of the telephone, and at the end a letter indicating that the telephone is a party line. For example, "Porter 2030-W" indicates that the exchange is known as the Porter exchange, the number is 2030, and the particular line of several party lines is W. In the types of telephones used in cities, only the particular letter wanted is called by the operator. In a type of telephone often used in country districts, *all* parties on a party line hear a ring when any one of the group is called.

In the home, one may have an extension telephone installed if one cares to do so. For example, one may wish to have the main telephone on the first floor and an extension in a bedroom on the second floor. The two telephones are on the same line, and a call may be sent from or received at either one. There is an extra charge for such an extension telephone.

Public Pay Service. — At convenient places in stores, theaters, garages, and railway stations, there are *public pay stations* for the use of those who wish to telephone. These telephones have coin boxes attached to them. There is a slot for the coin, usually a nickel, to call the operator. There are several other slots for coins of other denominations. When a call has been given and the party has answered, the operator asks that the proper amount be inserted in the coin slots provided for this purpose. There are different ways of using these pay stations, and one should always consult the instructions on the coin box before telephoning.

In certain large centers where a great number of people use the coin-box telephones, such as railroad stations in large cities, you will find a special operator in charge of the telephone booths. At such a location, instead of going directly to a telephone to make your call in the regular way, you go to the operator, tell her what number you wish to call, pay her the cost of the call, and she will then obtain the number for you, at the same time indicating to you what telephone booth you are to use. A moment later, your call is ready, thus saving you the trouble of making the call yourself.

In restaurants and other public places, telephone connections are needed at many different places in the room. A portable telephone is used. It may be plugged in at any of several connections or outlets. For example, a person who wishes to telephone from the table at which he is sitting makes his wishes known to the waiter, who brings a portable telephone, plugs it into an outlet on the

wall near by, and the diner telephones without leaving his table. These portable telephones may be installed in homes if desired.

A Public Service.—Like telegraph service, telephone service is what is called a public utility. In other words, the telephone companies, although they are privately owned, are subject to governmental regulation. Because they render an essential service, such things as the rates they charge and the extent of the territories they serve are fixed by governmental agencies. It is better for the government to supervise such a public utility to a certain extent and thus give it a certain amount of monopoly in its field, than it is to encourage competing companies in each locality to vie with each other for business. It can be seen that if there were several telephone companies in any one community, it would be necessary for everyone to have several telephones, since some people would have one telephone company's service while others would have a different service. Stores, for example, would find it necessary to install all the telephone services in the community. Individuals would find it difficult to communicate with friends except with those who might happen to have the same telephone service. This multiplicity of telephone services would be unsatisfactory and expensive; therefore, the government favors a reasonable amount of consolidation among telephone companies and to a certain extent supervises this service in the interests of the public.

Do you know

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1. Which is the quickest means of communication?
2. Which means of communication to choose for any message?
3. How to reduce the cost of telephone service in the interest of economic living?
4. The financial effect of calling wrong numbers, not speaking clearly, asking the central operator to look up numbers for you, and many other mistakes which people make in telephoning? Explain how this may affect your own family if you have a telephone in your home.
5. Who invented the telephone?
6. How far-reaching telephone service is?
7. How the telephone helps to bring you radio programs?
8. What is meant by a P.B.X. board? Why it is necessary? How it is used?
9. The difference between a *party line* and an *individual line*? Why one is better than the other? Which costs more? Why businessmen prefer the individual line?
10. Whether the telephone number Porter 2030-W is a party line? The number Longwood 3245?

11. What an *extension* telephone is? When it is needed?
12. What is meant by *table service* at a restaurant? Who pays for this service? How?
13. What is meant by *public pay station*? Where this service is to be found? How it is paid for? Where instructions for using this service can be found?
14. Who owns the telephone instrument in your home or that of a neighbor? Who supplies the book or directory of names and numbers? Who pays for this book? How it is paid for?
15. Why the telephone is called a *public utility*?
16. What is meant by monopoly as used in connection with the telephone? Why the telephone company is allowed to operate without competition?

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Can you tell

1. What the principal difference is between telephoning and teletypewriting?
2. What sort of company might wish to use the teletypewriter service?
3. What are the peculiar advantages of teletypewriter service?
4. What conference service is?
5. What types of business organizations might use conference service regularly?
6. What advantages can be gained by the use of conference service?

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These words should be in your vocabulary. Are they? Try them in sentences.

- | | | |
|-------------------------|------------------------|------------------------|
| 1. <i>broadcasting</i> | 8. <i>hookup</i> | 15. <i>restaurant</i> |
| 2. <i>consolidation</i> | 9. <i>individual</i> | 16. <i>subdivision</i> |
| 3. <i>conversation</i> | 10. <i>instruction</i> | 17. <i>supervise</i> |
| 4. <i>dial</i> | 11. <i>instrument</i> | 18. <i>switchboard</i> |
| 5. <i>distribution</i> | 12. <i>listener</i> | 19. <i>telephone</i> |
| 6. <i>district</i> | 13. <i>manual</i> | 20. <i>transmitter</i> |
| 7. <i>establishment</i> | 14. <i>operator</i> | |

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1. When did Dr. Bell invent the telephone?
2. In a certain territory a party line costs \$3.50 a month. An individual line costs \$4.75 a month. How much cheaper is the former? What per cent? How much will be saved each year by using the cheaper plan? In ten years?

3. The U. S. Government tax on telephone calls is as follows : ¹

Messages which cost \$.50 to \$.99 Tax \$.10

Messages which cost \$1.00 to \$1.99 Tax \$.15

Messages which cost \$2.00 or more Tax \$.20

Suppose your telephone bill for the past month contains long-distance calls for \$1.25, \$.95, \$.45, \$1.30, and \$4.20.

(a) What will be your total bill for these calls?

(b) What will your tax be?

(c) What per cent of the telephone company's charge is the tax?

(d) If you average this same amount of long-distance telephoning each month, what will your tax be for the year?

(e) Businessmen spend large sums of money each year on long-distance calls. Who really pays for these calls? And for the tax?

4. A friend of yours tells you that last month he was required to pay a tax of \$1.80 on his long-distance calls, each one of which was charged by the telephone company at \$1.25, because they were all to the same place.

(a) How many calls did he make?

(b) What was the charge by the telephone company for these calls?

(c) What was the total cost of these calls?

¹ These tax rates may be changed from time to time.

UNIT 55

HOW TO MAKE TELEPHONE CALLS

The Voice. — To use the telephone correctly we must first know how to talk properly. The surprising thing is that few of us do talk as well as we should. For instance, all of us do not enunciate clearly. *Enunciation* is the act of giving all of the different sounds which make up every spoken word or syllable their full value. When we “slide over” certain sounds in words we are not enunciating correctly.



New York Telephone Co.

Pleasing telephone personality. Ready to make notes. What kind of a telephone instrument is he using? Advantage?

If you know that you enunciate poorly, there are several things you can do to help yourself. You can practice speaking before a mirror, watching the action of your jaw, tongue, and lips while you are speaking. This will help to show you what faults should be corrected. Reading aloud at home is also an excellent form of practice. Then, too, observe the enunciation of your friends when they are talking. Notice when they are enunciating poorly, and ask yourself whether you make the same mistakes.

There is also the matter of *resonance*, which is the ringing quality of the voice which makes the words more clearly understood. Resonance is affected by the way you breathe. Practice regular breathing, and your voice will have a good resonance. One excellent plan for making full and deep breathing a habit is to breathe deeply while walking, inhaling rather slowly through the nose while taking four, six, or eight steps. This makes for regularity and naturalness of breathing which is very desirable. The chest expansion should be felt at the ribs. Shoulders should not be raised, and no part of the breathing organs should be stiffened or strained.

A third, and very important quality that the voice should have, particularly for telephone conversations, is *quietness*. A loud voice often results in a blurring effect. A quiet voice, when placed well to the front of the mouth, can be more easily understood than a loud voice. If you wish to have your voice travel over a telephone wire in the best possible way, speak quietly and directly into the telephone mouthpiece. When speaking, the lips should be about half an inch from the mouthpiece.

The Use of Names, Letters, and Numerals in Forming Telephone Numbers.

— All names, letters, and numerals should be pronounced very distinctly. Telephone numbers, street numbers, prices, and all other phrases where figures are used, are often misunderstood. For instance, the figure "5" often is mistaken for "9" over the telephone, and "0" and "4" often sound alike.

The best results are obtained if the numerals are pronounced as follows :

<i>Numeral</i>	<i>Pronounced</i>	<i>Formation of Sounds</i>
0	oh	With a round and long O
1	wun	With a strong W and N
2	too	With a strong T and long OO
3	th-r-ee	With a single roll of the R and long EE
4	fo-wer	With a long O and a strong W and final R
5	fi-iv	With I changing from long to short and strong V
6	siks	With strong S and KS
7	sev-ven	With strong S and V and well-sounded VEN
8	ate	With long A and strong T
9	ni-yen	With strong N, long I and well-sounded YEN
10	ten	With strong T and N

Certain letters which are used to designate particular telephones on party lines should be pronounced as follows :

<i>Letter</i>	<i>Pronounced</i>	<i>Formation of Sounds</i>
J	Jay	With strong J and long AY
R	Ahr	With strong R
M	Em	With short E and strong M
W	Double-yoo	With full value given to every syllable
F	Ef	With short E and strong F

Sometimes it is difficult for the person with whom you are talking over the telephone to understand certain proper names or unusual words. When this happens, spell out the word. If the other individual is doubtful about a certain

letter, quote the two preceding letters in the alphabet. If, for instance, the other person does not understand the letter "t," say "r, s, T." Another way to be sure the individual with whom you are speaking understands a certain word, is to use certain key words for the letters of the alphabet, as, for instance:

"A as in Alice," "B as in Bertha," "C as in Charles," etc.

When giving a call to the operator, give the central office name first, the office numeral (if there is one), and then the number. Be careful to pronounce all central office names and telephone numbers distinctly.

The following are examples of the way in which numbers should be given. (Type in large letters indicates emphasis.)

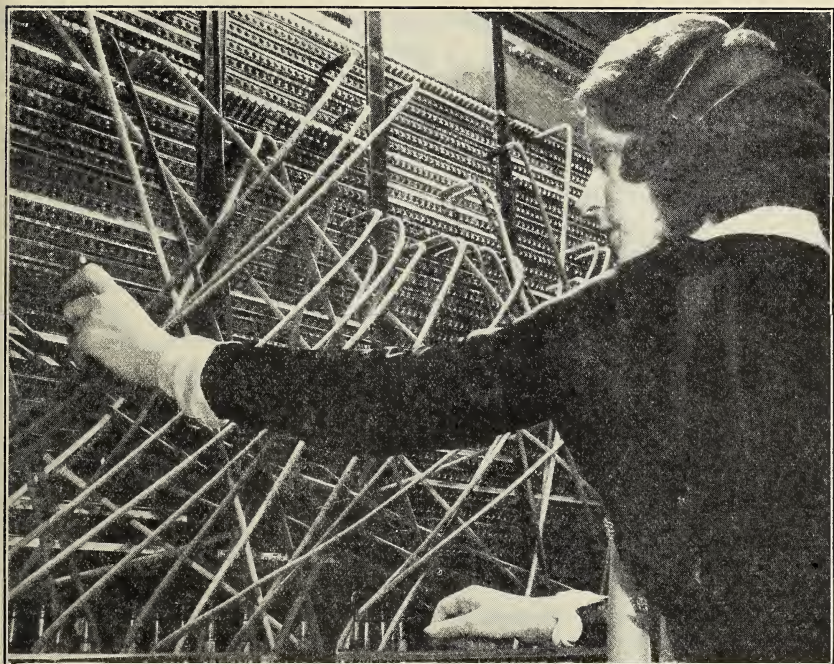
Hanover 2-0200	Hanover two — oh TWO hundred
Prospect 9-1478	Prospect nine — one FOUR seven eight
Ingersoll 2-7000	Ingersoll two — SEVEN thousand
Ludlow 4-3300	Ludlow four — three THREE hundred
Midwood 8-4875-J	Midwood eight — four EIGHT seven FIVE J
Glen Cove 731	Glen Cove — SEVEN three one

When giving numbers to the operator, there is a tendency to let the voice fall toward the end of the number. This should not be done, as the last figure may be lost or misunderstood. The last figure is as important as the others and should be enunciated with equal distinctness and with a rising inflection.

Telephone Directories and Their Use. — If you had never used a telephone, and were suddenly called upon to do so, you could find all the necessary information to teach you how to use it in the telephone directory. The principal purpose of the directory, however, is to make available to telephone users for ready reference up-to-date lists of subscribers with their numbers. It is well to become acquainted with your directory and to be able to use it quickly and efficiently.

In the front of each directory are a number of introductory pages containing much information for telephone users. This information includes directions for using the directory itself. It also tells how to make emergency calls and how to communicate with the telephone company regarding repairs, changes in service, bills, and complaints. Information is given concerning the rates for out-of-town calls and the various classes of out-of-town calls, special services, and so on.

Most directories have an alphabetical section and a classified section. In some large cities these sections are bound in separate books. The primary purpose of the alphabetical section is, as has been mentioned, to make available to telephone users an alphabetically arranged list of telephone subscribers, so that telephone users can place their calls by number instead of by name. Enough information is given in each listing so that the person listed can be readily iden-



How does she do it! A central switchboard requires an expert operator.

Philip Gendreau

tified. No more than the necessary information is given, and abbreviations are used where possible in order to minimize the use of space and thus keep the directories from becoming cumbersome and unwieldy.

The classified directory is usually a separate section of the local directory — the yellow pages.

Very often little emergencies arise which require that you call a plumber, electrician, or a mechanic of some kind. You may wish to locate a hairdresser, a drugstore, or a moving firm. The classified directory is published to meet just such situations. This directory contains the name of every business telephone subscriber listed under a classified heading which is descriptive of his business. Thus it serves not only as a buyers' guide, but it also can be helpful as a telephone number-finding list.

If you wish to purchase an article or service, you can quickly and easily find what you are looking for by consulting the classified directory in the following manner:

1. First locate the heading which describes the article, business, or service you want. There is a convenient index of these headings in the front of the directory or classified section.

2. Having found the heading, select from the listings under it the company or dealer with whom you wish to do business. If you want to deal with someone close to where you live, you can search for such an address among the subscribers listed.

3. If you have a particular firm in mind but are not sure of the spelling or for some reason do not wish to refer to the alphabetical section of the directory, locate the business heading of the concern and then look for the name of the company and its telephone number under that heading.

Trade names or brand names of registered articles or services are shown in one or both of the following ways: The trade-mark or brand name is listed as a heading in its alphabetical order, or it is shown in alphabetical order in the listing column under a heading descriptive of the business or service.

Manual and Dial Systems. — There are two systems of telephone service, manual and dial. In some cities, for instance, the dial system is used, while in others only the manual system is employed. In some places, such as New York, both systems are used, it being possible to call from a telephone which is operated under one system to a telephone that is operated under the other.

The principal difference between the two systems is that in the manual, telephone calls are handled by women operators who make the necessary connections, while in the dial systems, a telephone user is enabled alone to make the majority of the calls mechanically, without the assistance of an operator.

Signals. — There are several signals which are heard in the use of a telephone which should be understood by every user.

First, there is a *dial tone*, heard only in the dial system. This is a steady humming sound heard in the receiver and tells you that the line is ready for you to dial. Then there is a *ringing signal*, which consists of repeated burr-rr-ing sounds which last a few seconds each and are separated by short silent intervals. This signal is heard in both manual and dial systems. It tells you that the connection you want has been made and that the bell is being rung.

There is also the *busy signal*, a rapid buzz-buzz-buzz which is quicker and louder than the ringing signal and which tells you that the line you want is busy. This signal also is heard in both systems. When you hear the busy signal, hang up the receiver immediately and try the call again a little later.

Finally there is a *signal indicating incorrect dialing*. This is an interrupted buzzing sound, as buzz-buzz — buzz-buzz — buzz-buzz, and tells you that you

have dialed the central office designation incorrectly. When you hear it, hang up the receiver, wait a few seconds, and try again, being careful to dial the central office designation correctly.

Manual Service. — In making a call in the manual system, there are two things to bear in mind. First, do you have the correct number? Unless you are entirely sure, it is well to look in the directory before you give the number to the operator. Second, in giving the number to the operator, be sure to speak distinctly and enunciate clearly.

After giving the number to the operator, remain at the telephone until (1) an answer is received, or (2) a busy signal is heard, or (3) you have allowed plenty of time for the called telephone to be answered. At least two minutes should be allowed for the called telephone to be answered after the first ringing signal is heard. If you follow this rule, you very often will have calls answered that otherwise you would have missed by not waiting a reasonable length of time. It also may save the person called the annoyance of not finding anyone on the line when he answers.

If, for any reason, you wish to recall the operator, move the receiver hook (or, if you are using the hand-type telephone, the small bar on top of the mounting) slowly up and down several times. Then pause to permit the operator to answer. If you "jiggle" the hook rapidly, the operator is unable to see your signal.

Occasionally, when using the telephone, you will get a wrong number. This is usually caused by your giving the wrong number to the operator, or by her failing to understand the number you have given. In any case, the operator should be signaled and told that a wrong number was obtained.

It is particularly important to remember that when you do get a wrong number, it cannot possibly be the fault of the person who answers. Therefore, a courteous explanation and apology should be offered to him; for example, "I have the wrong number. Will you excuse the call, please?"

Dial Service. — To make a call from a dial telephone, first remove the receiver and listen for the dial tone. Then proceed to dial the number you desire. Let us suppose that you wish to dial the number "8-7607." First, place your finger in the opening in the dial for figure "8" and pull the dial around until your finger strikes the stop. Then raise your finger quickly and without touching the dial let it return to its original position. Then dial the figures "7," "6," "0," and "7."

In large cities where there are several central offices, each one has a special name. "Longwood" and "Bogardus" are examples. In the directory, the first two or three letters of each of these names are in prominent type. These letters are dialed before the numbers are dialed.

If the number you wish to call contains the letter "F," as for example, "8-F14," dial "116" and give the number to the operator. Such a number will be found rather infrequently, however, and only in small communities.

Special instructions apply on calls dialed from party-line telephones and from coin-box telephones. These instructions are given in the information pages of the directory.

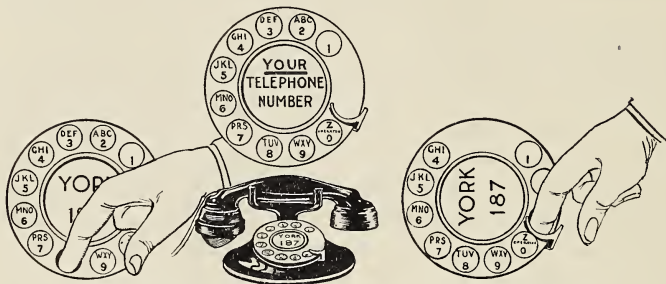


ILLUSTRATION 78. OPERATING A DIAL TELEPHONE

As in manual service, two minutes should be allowed for the telephone call to be answered after the first ringing signal is heard.

If you find that you have made a mistake while dialing, hang up the receiver at once, wait a few moments, and make another attempt.

Before starting to dial a second call, always hang up the receiver for a few moments. If for any reason you are connected with a wrong number, request the person who answers to excuse the call, saying, for example, "I have the wrong number. Will you excuse the call, please?"

When, for any reason, you do not obtain a connection (as when the called line is busy or does not answer), you will get quicker service if you hang up the receiver and try the call again yourself, instead of immediately calling the operator for assistance. If, however, you do need assistance, you can reach the operator by placing your finger in the opening over the word "Operator," pulling the dial around until you strike the finger stop, and then removing your finger from the opening, allowing the dial to return to its normal position. After connection has once been established with the operator, you may recall her by moving the receiver hook up and down slowly, as in the case of manual service.

Out-of-Town Calls. — Calls to other towns (outside the local calling area) are always given to the operator. There are two classes of out-of-town calls, known as station-to-station calls and person-to-person calls.

Station-to-station calls are those which you make to some distant point when you are willing to talk to anyone who answers the telephone at that point. Unless you wish to talk to some particular person, this type of call is preferable, because it can be made at somewhat lower rates and in somewhat shorter time than a person-to-person call. Generally speaking, reduced rates are in effect on this type of call at night and all day Sunday.

Let us suppose that you wish to make a station-to-station call to your family in New York. The following is an example of such a call :

Regular Operator : "Number, please?"

You : "Long-Distance."

Regular Operator : "Thank you."

Long-Distance Operator : "Long-Distance."

You : "New York City, Rector 2-1141."

Long-Distance Operator : "Thank you. Will you hold the line, please?"

The charges on such a call will begin as soon as someone at Rector 2-1141 answers your call. There is no charge if the call is not completed. If you do not have the telephone number, "Information" will obtain it for you.

When you wish to speak to some particular person, department, or extension telephone at a distant point, make a person-to-person call. No charge, other than a small report charge, is made for the call unless the person you wish to speak to is reached. There also is a reduction of rates at night and all day Sunday for this class of calls.

To make a person-to-person call, call or dial the operator, ask her for "Long-Distance," and give the long-distance operator the following details of the call :

1. The name of the called place, including the name of the state ; for example, "Detroit, Michigan."
2. The name of the called person ; for example, "Mr. John H. Doe."
3. The number of the called telephone, if you know it. If you do not know it, "Long-Distance" will tell you what it is, so that you will have it available for future use.

In placing the call, always give the operator the number of the telephone from which you are calling.

Some idea of the cost of out-of-town telephone calls, and of the amount of reduction that applies to them at night and on Sunday, can be gained from the following chart, which shows the day rate between certain points, together with the reduced rates for both station-to-station calls and person-to-person calls :

TYPICAL THREE-MINUTE RATES

FROM	STATION-TO-STATION		PERSON-TO-PERSON	
	Day Rate	Sunday and Night Rate	Day Rate	Sunday and Night Rate
New York to Philadelphia	\$.50	\$.35	\$.75	\$.60
Pittsburgh to Cleveland . . . . .	.70	.40	1.00	.70
Chicago to Cincinnati	1.20	.70	1.60	1.10
St. Louis to Chicago	1.25	.75	1.65	1.15
Detroit to Boston	2.55	1.40	3.25	2.10
Washington, D. C., to Kansas City . . .	3.50	1.90	4.50	2.90
Miami to Boston	4.50	2.50	5.75	3.75
Denver to New York	6.00	3.50	7.50	5.00
Washington, D. C., to San Francisco . .	8.50	5.00	10.75	7.25

Additional information regarding rates can be found in the front pages of your local telephone directory.

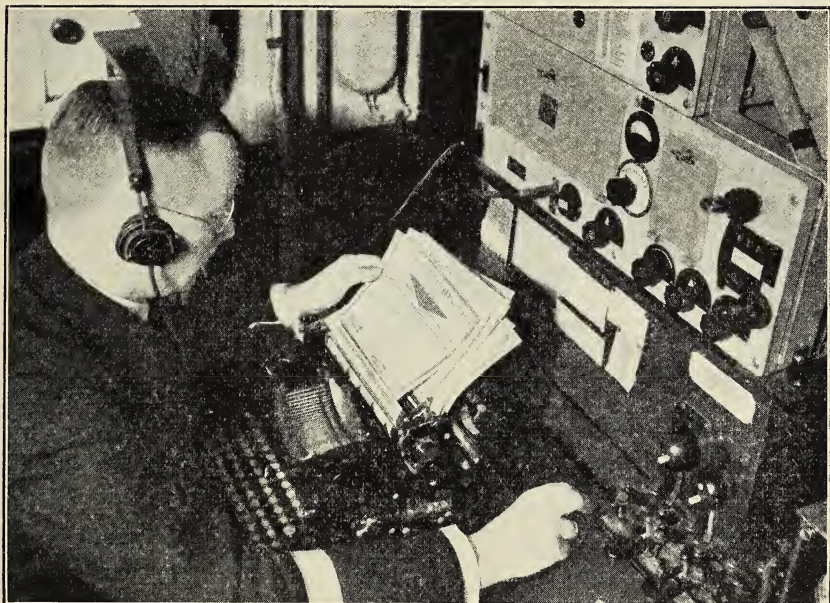
Appointment Calls. — If you wish to talk with a person in another city at a certain time of the day or night, and you want to notify him in advance to insure that he will be available at that time, you should place an appointment call. To do so, simply call the long-distance operator and give her the details.

The rates for appointment calls are the same as for direct person-to-person calls. In some cases, the completion of such calls may involve a small report charge, a messenger charge, or both. A *messenger charge* is one made when it is necessary to send a messenger out to find a person wanted on the telephone. For example, if you wish to call a Mr. Jones in Sand City, who has no telephone in his home or office, the telephone office in Sand City will send a messenger to the address given, in order to summon Mr. Jones to the nearest telephone, so that he can pick up your call.

Collect Calls. — Occasionally you may want to have the charges on an out-of-town call paid by the called person. Station-to-station calls, where the initial rate is twenty cents or more, and all person-to-person calls may be made "collect," providing the charges are acceptable to the called person.

Overseas and Ship-to-Shore Calls. — Telephone calls can now be made to a large number of steamships at sea and to most of the foreign countries of the world.

Information Calls. — If you wish to make a local call for which you do not know the number, you should first, of course, consult your directory. If the number is not listed there, call "Information." In the manual system, simply ask the operator for "Information." In the dial system, dial the number indicated for such calls in the telephone directory. "Information" will then give you the number, but she cannot connect your call. You should therefore hang up the receiver, wait a few moments, and then make the call in the usual way.

*Ewing Galloway*

A ship's radio operator keeps in touch with shore and other ships, and sends radiograms for passengers.

The information operator can also supply you with telephone numbers in many other cities. If, however, she does not have the necessary information, she will refer it to the regular operator for completion.

Telegram Calls. — Telegrams, cablegrams, and radiograms may be telephoned to the Postal Telegraph-Cable Company or the Western Union Telegraph Company. The charges for the telegram will appear on the telephone subscriber's monthly telephone bill. You may also telephone telegrams from coin-box telephones and deposit the charges for the telegrams in the coin box.

Emergency Calls. — Instructions for making emergency calls, such as those to police or the fire department, can be found on the first page of the telephone directory. In all cases, simply call or dial the operator and say, "I want to report a fire," or "I want a policeman," or "I want a State trooper," as the case may be. The operator will also get a doctor or ambulance for you in cases of emergency.

If you cannot wait until the fire department, police, or State trooper answers, be sure to tell the operator where help is required.

Service Calls.—When you wish to transact business with the telephone company over the telephone, it is best to call the *business office*, give your telephone number to the person who answers, and then state your business. If you have difficulty in calling a number—if, for instance, the connection is faulty—ask the operator for the *chief operator*. Or, if your telephone is out of order, go

to another telephone and call the *repair clerk*. In no case should such calls be made to your local operator.

Special Suggestions.—In using party lines you should be especially considerate of others on the same line. You never should listen in to a conversation not intended for you.

You practically never should interrupt conversation to put in a call of your own. If it is absolutely necessary to make a call, and your party-line telephone is in use for a



The community gossip gets her news.

considerable time, it is proper to take down the receiver and say, "I'm sorry, but I have an urgent call to make and shall appreciate it greatly if I may have the line for a moment." No one can object to such an interruption if it is made in the right spirit and for good reason.

One should not hold a party line for long personal conversation. Surely if one has been talking for a considerable time on a party line, and has heard someone take down the receiver to make a call, he should terminate his conversation as quickly as possible so as to free the line for the other party. If all people who use party lines are considerate of each other, this type of service will be entirely satisfactory. Common courtesy requires such consideration.

The telephone instrument is a sensitive and expensive instrument and should be handled with care. It never should be dropped or otherwise maltreated. The telephone receiver always should be placed back on its hook promptly at the conclusion of conversation. One should be especially careful not to take the receiver down and then forget to put it back in its place. As long as the receiver remains off the hook, the telephone is out of service. No one can call you.

Confirmation of Telephone Calls.—Confirmation of important telephone calls should be made by letter just as in the case of telegraph messages. This tends to avoid misunderstanding through faulty connections or some other cause.

As already noted, the telephone business is a complicated one, and a certain amount of deficiency in it should be expected. The amount of such deficiency, however, can be reduced greatly by users if they will follow instructions carefully and co-operate in every possible way to get the most out of this most important service.

Copy of Important Conversation. — It is not necessary to speak louder in making a long-distance call than it is in making a local call. The important thing is that you speak distinctly and not too fast. In making long-distance calls, it is a good plan to write out what you wish to say, or at least make an outline of it, so as to enable you to complete your message within the minimum time limit, which is usually three minutes. For time consumed beyond the minimum time, an additional charge is made. If the message is of considerable importance, there also is an advantage in having a copy of it for future reference in case there is question as to what was said.

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Can you tell

1. What enunciation is? How poor enunciation affects the voice?
2. How to develop good enunciation?
3. What resonance is? How to develop it in your voice?
4. Which is better for telephone conversations — a quiet voice or a loud voice? Why?
5. How to pronounce all the numerals from "0" to "10"?
6. How to pronounce the letters "J," "R," "M," "W," and "F"?
7. How you can be sure that the person with whom you are speaking on the telephone correctly understands the spelling of a name?
8. How to pronounce these telephone numbers: "Ingersoll 2-7000," "Midwood 8-4875-J," "Glen Cove 595"?
9. What information can be found in the front of your alphabetical telephone directory?
10. How to use the alphabetical directory properly when looking up a certain telephone number?
11. What the classified directory is? How it is used?
12. What the principal difference between the manual system and the dial system is?
13. Whether it is possible to call from a dial telephone to a manual telephone?
14. What the ringing signal is? How it sounds?
15. What the busy signal sounds like? What it means? What you should do when you hear it?

16. What are the important things to remember in making a call in the manual system?
17. How to recall the operator?
18. What you should do when you find that you have called a wrong number?
19. How you would dial the number "4-8367"? "ATwater 4009"?
20. How to obtain assistance from the operator when making a call on a dial telephone?
21. What a station-to-station call is?
22. What a person-to-person call is?
23. What an appointment call is?
24. How to telephone to a foreign country or to a ship at sea from the telephone in your home?
25. What to do when you wish to make a local call and do not know the number?
26. How to make an emergency call to the police?
27. How to use a party line with proper consideration for others who have a right to share its use?

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Can you

1. Tell how to make a long-distance call on the manual-type telephone?
2. Explain the difference between a station-to-station call and a person-to-person call?
3. Tell which of the above costs less? Why?
4. Tell when you should use a station-to-station call instead of a person-to-person call?
5. Tell what to do if you wish to make a *personal emergency* call on a very important matter and the line you want is busy?
6. Tell why the telephone company finds that of the thousands of such "emergency" calls only one in five really is on business which requires emergency service?
7. Tell why one never should ask for emergency service unless it is necessary?
8. Tell what should be done after completing an *important* telephone conversation about a business matter where even a slight misunderstanding may cause trouble or financial loss?
9. Tell how to save time in making long-distance or other charge calls? How to get through in the shortest possible time?
10. Tell how to care for a telephone instrument and why, even if it is not yours?

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Add the following words to your vocabulary if you are not sure you can spell and use them correctly.

- | | | |
|-----------------------|---------------------|--------------------|
| 1. <i>enunciation</i> | 5. <i>quietness</i> | 9. <i>signal</i> |
| 2. <i>formation</i> | 6. <i>reduction</i> | 10. <i>typical</i> |
| 3. <i>interrupt</i> | 7. <i>resonance</i> | 11. <i>voice</i> |
| 4. <i>pronounce</i> | 8. <i>sensitive</i> | |

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1. In the table of typical three-minute rates on page 506, rates for different services between nine pairs of cities are shown. Using the form in your work-book, or one suggested by your teacher, compute the actual saving and the per cent of saving which can be made by using station-to-station service instead of person-to-person service in telephoning between each pair of cities.

2. Using the same table, compute the saving and per cent of saving which can be made by using Sunday and night rate instead of day rate between each pair of cities for

- (a) Station-to-station service.
- (b) Person-to-person service.

3. It is only by practice that people can learn how to use the telephone and acquire proper telephone habits. Your teacher may ask you to do actual telephoning from time to time and in this way give you practice. Perhaps you may be given a chance to act as an operator at your school-office switchboard occasionally. When using the telephone, concentrate on the business in hand, and you will get better results than you will if you permit yourself to assume a careless or thoughtless attitude toward a telephone conversation. Remember that the person at the other end of the wire is entitled to courteous treatment. Save his time and patience by being businesslike in talking to him over the wire.

Under your teacher's direction proceed to do, or to tell how you would do, these things:

- (a) Get a person at a local address.
- (b) Get the telephone number of a friend who lives at a known address.
- (c) Get the rate for a call to a distant place.
- (d) Find out if there is a telephone at a certain address.
- (e) Report a line out of order.

- (f) Get a person at a distant place.
- (g) Report slow service by an operator.
- (h) Complain about the poor night service that is being given by operators.
- (i) Get a person in a large business office or hotel where there is a switch board.
- (j) Talk with any person at a given number.
- (k) Send a telegram.
- (l) Get a person on the telephone for another person.
- (m) Take a call and hold the wire for another person.
- (n) Get a person who has to be called to a telephone by a messenger.

UNIT 56

HOW TO RECEIVE CALLS



At ease while telephoning, but ready for a message.

New York Telephone Co.

Promptness. — Always answer the telephone promptly. Not only is it a courtesy to the person who is calling you, but it also may save yourself the annoyance of finding no one on the line when you answer.

Proper Identification. — For many years it was customary in this country to answer the telephone by saying, "Hello." This custom is fortunately being discarded in favor of a more efficient salutation. The word "Hello," of course, does not tell the calling person anything except that the call has been answered. The better thing to do is to give your name, and if you are in business, the name of your firm.

If you are at home, the following methods of answering the telephone are acceptable :

"This is 5-3521."

"Smith's residence."

"Henry Smith speaking."

It frequently happens that you are required to answer a call for another person. In such a case, the proper way to answer is as follows :

"Mr. Elliott's house ; Mr. Brown speaking."

The importance of answering a telephone properly can be seen by comparing two methods, one correct and the other incorrect. These two methods follow :

Correct Way

Person answering : "Smith and Company ; J. P. Smith speaking."

Person calling : "Good morning, Mr. Smith. This is Jones of Brown and Company."

Incorrect Way

Person answering : "Hello."

Person calling : "Is this Beacon 3-1234?"

Person answering : "Yes."

Person calling : "Smith and Company?"

Person answering : "Yes. Whom do you want?"

Person calling : "I want to speak to Mr. Smith."

Person answering : "Which Mr. Smith?"

Person calling : "Mr. J. P. Smith."

Person answering : "I am J. P. Smith."

Person calling : "Oh! Good morning, Mr. Smith. This is Jones."

Person answering : "Jones?"

Person calling : "Yes. Jones of Brown and Company."

Person answering : "Oh, yes! How are you, Mr. Jones?" etc.

When Called in Error. — Occasionally you will be called to the telephone and find no one on the line. One cause of this is that someone has called your number and for some reason has hung up. An operator will say, "Number, please?" The operator will not know that your bell has rung or who it is that has called you. Therefore, there will be no need of asking her about the call or explaining anything to her. Simply hang up the receiver.

When you are called to the telephone and find that the other person has called the wrong number, remember that this condition may have any one of

several causes and that it may not have been his fault. Therefore, his apology should be courteously accepted.

Telephone Courtesy. — When you begin to think seriously about telephone usage, you will find that there is such a thing as “telephone personality.” Some people very definitely have the ability to make a good impression over the telephone, while others do not. If you ask yourself why, you will find that courtesy and sincerity are as important in telephone conversations as they are in face-to-face contacts.

It must be realized, of course, that a person speaking over the telephone is under certain disadvantages so far as projecting his personality is concerned. The person with whom he is talking is unable to see him, to note his facial expressions and gestures. Therefore, everything depends on *what* he says and *how* he says it, together with how he uses the telephone itself. Let us examine the telephone “technique” of a man who has a pleasing telephone personality, and see what he does.

First, he answers the telephone promptly. He knows that no one enjoys waiting. Second, he gives his caller an informative salutation, such as has already been explained. That being done, he is careful with the conversation itself.

For one thing, he realizes that certain expressions which sound quite all right when said smilingly, in face-to-face conversation, sound curt and abrupt over the telephone. He also knows that slang phrases and current tricks of speech are not well suited to use in telephone conversation and should be avoided. Examples of such phrases are as follows:

“See.”	“Nope.”	“Bye-bye.”
“You see.”	“You know.”	“Righto.”
“Yeah.”	“O.K.”	“All righty.”
“I see.”	“Sure.”	“Uh huh.”

The successful telephone user also is careful not to interrupt the conversation of the other person, except for a word now and then to indicate that he is listening and understanding what the other person is telling him. In order to make the conversation as personal as possible, particularly in business conversation, he frequently uses the other person’s name, rather than “Sir” or “Madam.” He tries to remember the voices of those who have frequent occasion to call him, or if he does not recognize a voice, he tactfully asks for the other person’s name. He might say, for example: “I will be glad to attend to that matter for you. May I have your name, please?” If he has any doubt about the correct spelling or pronunciation of the name, he spells it out.

When it is necessary to leave the telephone to obtain information for the person who has called, or for any other reason, he first gives the calling person some explanation, such as: "Will you hold the line a moment, please, until I consult our records?" or, "I must consult our shipping department for that information. Will you hold the line a moment, please?" In any case, he never simply "disappears," making his caller doubtful as to what he is doing.

When leaving the telephone, the courteous telephone user is always very careful when putting the receiver down on a desk or table or other hard surface. If he puts it down hard, or lets it drop, a noise is sent over the line which can be very irritating and often painful to the other person.

Occasionally it is necessary for him to consult someone else during a telephone conversation. When he does, he always covers the telephone mouthpiece with the palm of his hand, so that his voice will not be carried to the ear of the other person.

Knowing that the last impression can be as important as the first, the successful telephone user is always careful about how he closes the conversation. Under no circumstances does he hang up the receiver without letting the person with whom he has been talking know that he is about to do so. He always says "Good-by," "Thank you," "You're welcome," or whatever phrase is appropriate before hanging up. Then, when he replaces the receiver on its hook, he does so carefully in case the other person is still listening. To slam the receiver on the hook may cause a particularly annoying sound to be transmitted to the other person's eardrum. The best way is first to depress the hook with one's finger, then place the receiver on it.

These are just a few of the things that are typical of the pleasing telephone personality. They are not complicated or particularly difficult to remember. They result solely from thoughtful consideration for the other person.

Can you tell

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1. Why it is necessary for the telephone to be answered promptly?
2. Why you should not answer the telephone with the word "Hello"?
3. How a telephone at home should be answered?
4. How to answer the telephone at the home of a friend, Mr. Charles Gray, if it rings and he is out at the time?
5. What you should say when called to the telephone, only to find that someone has called the wrong number?
6. Why you should not complain to the operator when you answer the telephone and find no one there?

7. Why slang should not be used in telephone conversation?
8. Whether you should interrupt a speaker on the telephone?
9. What you should say and do at the conclusion of a telephone conversation?

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You should know these words. Perhaps you do. Try them in sentences.

- | | | |
|----------------------|-----------------------|----------------------|
| 1. <i>apology</i> | 5. <i>personality</i> | 8. <i>sincerity</i> |
| 2. <i>discarded</i> | 6. <i>phrase</i> | 9. <i>solely</i> |
| 3. <i>gesture</i> | 7. <i>promptness</i> | 10. <i>technique</i> |
| 4. <i>irritating</i> | | |

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Write a brief essay on *Courtesy* in connection with the use of telephone service. Keep in mind all the people to whom telephone users may be discourteous and all the ways in which telephone users may be discourteous. Also consider time-wasting and unnecessary courtesy.

UNIT 57

RADIO COMMUNICATION. PAYING FOR TELEPHONE SERVICE



Western Electric Co.

These policemen are receiving and sending messages from their radio-police car. Criminals have difficulty in escaping from this modern police service.

Radio Communication. — Business and personal radio communication is not yet available as a regular public service. In other words, one may not go to a broadcasting station and ask to have a personal message sent to some other individual in a different place. However, important messages are sent under certain conditions. The President of the United States, for example, makes it a practice to communicate with the people of the country by means of the radio. When he wishes to address a message to the country in this way, he arranges for this service and reads the message from his desk in the White House in Washington. By telephone hookup this message is carried to radio stations in all parts of the country, from which it is broadcast to listeners scattered throughout the area served by each.

Programs sponsored by business firms for advertising purposes likewise are used for general messages about their products.

Police departments in many cities and states are now equipping their police cars not only with *receiving* but also with *sending* radio apparatus. Thus it is possible for a police officer in a cruising car to receive messages from headquarters in his city by radio and to reply in the same way. This is a great improvement in methods of communication for police officers who patrol large areas. In time it is likely that every important police department will adopt this means of communication, not only among its own members, but also with members of police departments in other cities and states. When this means of communication becomes universal, it will be far more difficult for criminals to ply their trade, since information regarding their doings can be flashed in an instant to watchful police officials in all parts of the country.

Where one person talks to another person and receives his reply by radio, the communication is referred to as *two-way radio communication*. In time it may be that facilities for two-way radio communication may be made available to all people.

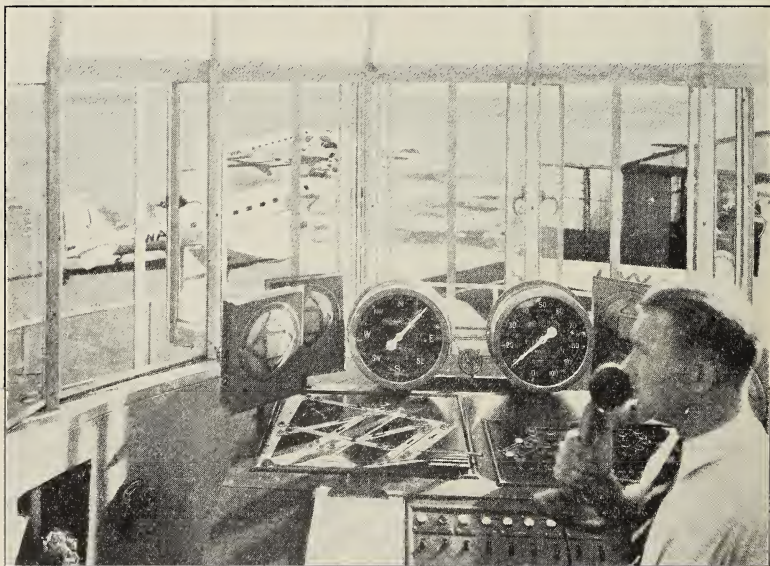
Paying for Subscriber Service. — Usually bills for residence and business telephone service are rendered and paid monthly. These bills include charges for local service, long-distance calls, telegrams, and any other service which has been rendered through the telephone exchange.

Telephone Booths and Boxes. — Calls from prepayment telephone booths or boxes are paid for as the calls are made, according to the directions given on the telephone box. If the call is made from a public pay station where an operator is employed, payment is made directly to the operator.

Free Service. — Free public telephone service is available for emergency calls including police, fire, and ambulance calls. This service is provided free to avoid delay and in the interest of public welfare. A call to the local offices of the telephone company also is free if the call is made on company business.

Who Pays for a Call? — Charges usually are paid by the one who telephones, but it is possible to have charges *reversed* if the person to whom one desires to telephone is willing to accept a call with that understanding. If one wishes to have charges for long-distance calls reversed, *i.e.*, paid by the person who is to receive the message, he should make this fact known to the operator when he puts in the call. If the person to whom one is telephoning says that he will not pay the charge, the original party may pay it himself or omit the call.

Telephone Waste. — In the interest of economic living it is important to remember that long-distance calls made at certain hours of the night are charged for at a much lower rate than is charged for day service. In the front of the



Western Electric Co.

From the traffic-control tower the dispatcher (below) is directing the landing of the air liner (above), by radiotelephone. On the dispatcher's desk may be seen controls for lighting the field, two wind indicators, and three loud-speakers for the reception of calls from airplanes.

telephone book will be found information as to rates and kinds of calls which are possible at lower rates. By telephoning at these lower-rate hours, money is saved. A telephone company makes these lower rates for hours when business is slack to encourage people to use the telephone then for communications which ordinarily would be sent in other ways. This also tends to distribute telephone calls more evenly over the twenty-four hours.

It is important to know the rates charged for different kinds of service so that one may select the service which will best meet his needs at the lowest possible cost. Undoubtedly large amounts are wasted annually by people who use a more expensive service than is required for their messages. Also, large sums undoubtedly are wasted annually by people who use more telephone time than is necessary for the business they have to transact. This frequently is the result of failure to prepare in advance for telephone conversations. In this, as in all other matters, an individual should be economical. He should not be stingy, nor should he fail to use telephone service whenever it is best to do so. On the other hand, he should not use this service wastefully any more than he should use any other commodity in that way. There is a right way to do everything, and if everything is done in the right way, money will be saved and great satisfaction will result.

Rates for Different Types of Services. — The table shown below indicates the rates charged for business service by the New England Telephone and Telegraph Company in Boston at the time this table was prepared.

BUSINESS SERVICE RATES

RATE GROUP OF SUBURBAN CENTRAL OFFICES	CLASS OF SERVICE	MEASURED SERVICE	SEMI-PUBLIC SERVICE	UNLIMITED CONTIGUOUS SERVICE
Central Exchange	1-party line 2-party line	100 messages for 6.00 70 messages for 4.50	120 messages for 7.50	
Group A	1-party line 2-party line	100 messages for 6.00 70 messages for 4.50	120 messages for 7.50	
Group B	1-party line 2-party line	100 messages for 6.00 70 messages for 4.50	120 messages for 7.50	
Group C	1-party line 2-party line	85 messages for 5.25 60 messages for 4.00	100 messages for 6.50	7.00
Group D	1-party line 2-party line	85 messages for 5.25 60 messages for 4.00	100 messages for 6.50	6.00
Group E	1-party line 2-party line	85 messages for 5.25 60 messages for 4.00	100 messages for 6.50	5.50

Another table below shows the charges by the same company for residence telephones.

RESIDENCE SERVICE RATES

RATE GROUP OF SUBURBAN CENTRAL OFFICES	CLASS OF SERVICE	MEASURED SERVICE	COIN-BOX SERVICE	UNLIMITED SUBURBAN SERVICE	UNLIMITED CONTIGUOUS SERVICE
Central Exchange	1-party line 2-party line	75 messages for 4.50 50 messages for 3.25	80 messages for 5.00 Dial areas only		
Group A	1-party line 2-party line 4-party line	75 messages for 4.50 50 messages for 3.25	80 messages for 5.00 Dial areas only	5.50 4.50	4.00 3.25 2.75
Group B	1-party line 2-party line 4-party line	75 messages for 4.50 50 messages for 3.25	80 messages for 5.00 Dial areas only	5.50 4.50	3.75 3.00 2.50
Group C	1-party line 2-party line 4-party line	65 messages for 4.00 45 messages for 3.00		5.50 4.50	3.75 3.00 2.50
Group D	1-party line 2-party line 4-party line	65 messages for 4.00 45 messages for 3.00		5.50 4.50	3.50 2.75 2.25
Group E	1-party line 2-party line 4-party line	65 messages for 4.00 45 messages for 3.00		5.50 4.50	3.25 2.75 2.25

Similar tables will be found in most telephone directories. By studying these tables the difference between business and residence rates will be noted; also the difference in the rates for party lines of various types as compared with individual or one-party lines. Also it will be noted that in some localities there are *measured service* and *unlimited contiguous service*. *Measured service* permits a subscriber to make a certain number of calls within a given area for a certain price. Additional calls will be charged for extra. *Unlimited service* means that the subscriber will have the privilege of using the telephone within the area designated for any number of calls.

Each prospective subscriber should satisfy himself as to which service he needs and then arrange for that one and not for one of greater or less cost. In the Boston area, with measured service, extension telephones cost 75 cents each in a residence and one dollar in a business office. With unlimited service, extensions cost \$1 in a residence and \$1.25 in a business office.

On page 526 will be seen a section of a table of out-of-town call rates from the Boston telephone directory. On page 526 there also is a table showing overseas telephone service and charges for this same telephone district.

On page 524 will be found another table indicating savings which can be made by telephoning in the evening at night rates. These rates also are for the Boston district.

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Do you know

1. How home telephone service is paid for?
2. How telegrams which are telephoned to the telegraph office are paid for?
3. How calls from a coin-box type of telephone are paid for?
4. How calls from a public pay station where there is an operator to handle the calls for you are paid for?
5. What calls may be made without charge? Why?
6. What is meant by *reversing* the charge? What the operator will do before permitting you to put through a call, the charge for which is to be *reversed*? Why does she do this?
7. What different kinds of service may be had in your home and what each costs?
8. How the telephone is used in connection with radio programs?
9. Whether or not you can send a message to a friend by *radio* (not by wireless)?
10. How the President of the United States may address millions of people at the same time without leaving his office in Washington?
11. How police officers on city streets or country roads communicate with their home stations?
12. What is meant by *two-way radio communication*? How useful this might be if it were in general use?

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Build up your usable vocabulary by the study of these words.

- | | | |
|----------------------|------------------------|----------------------|
| 1. <i>ambulance</i> | 7. <i>encourage</i> | 13. <i>reverse</i> |
| 2. <i>apparatus</i> | 8. <i>equip</i> | 14. <i>scatter</i> |
| 3. <i>booth</i> | 9. <i>headquarters</i> | 15. <i>sponsor</i> |
| 4. <i>contiguous</i> | 10. <i>patrol</i> | 16. <i>universal</i> |
| 5. <i>criminal</i> | 11. <i>president</i> | 17. <i>unlimited</i> |
| 6. <i>cruise</i> | 12. <i>prospective</i> | |

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MINIMUM-PERIOD STATION-TO-STATION TELEPHONE RATES

IF THE DAY RATE IS	THE NIGHT RATE IS	IF THE DAY RATE IS	THE NIGHT RATE IS
.25	.25	1.15	.60
.30	.25	1.25	.75
.35	.25	1.30	.75
.40	.25	1.40	.80
.45	.25	1.50	.85
.50	.25	1.60	.90
.55	.30	1.65	.95
.60	.30	1.80	1.05
.65	.35	1.90	1.05
.70	.35	1.95	1.10
.75	.40	2.00	1.10
.80	.40	3.00	1.65
.85	.45	4.00	2.25
.95	.50	5.00	3.00
.95	.50	7.50	4.50
1.00	.60	10.00	6.00

These rates are inserted here for use in problems which follow in exercise 338. They are correct for a certain territory at the time used, but are subject to change.

All rates quoted above are for minimum-period station-to-station calls.

Station-to-station calls are made, not for a particular person, but for a desired telephone. Such calls are made by calling a particular telephone number.

Overtime on 5- and 10-cent calls, within this Company's territory, begins after five minutes — after three minutes on more distant calls.

Day rates apply 4 : 30 A.M. to 7 : 00 P.M. ; night rates from 7 : 00 P.M. to 4 : 30 A.M. Night rates also apply on Sunday.

Lower night and Sunday rates also apply to person-to-person calls.

Based on the above rates

1. If a man makes calls on which the day rates are \$1.25, \$1.50, \$1.65, \$4.00, and \$7.50, how much would he gain by using night rates? What per cent?

2. What per cents of discount are allowed for using night rates instead of day rates on calls for which the day rates are as follows?

(a) 80 cents (b) 95 cents (c) \$1.40 (d) \$1.80 (e) \$3.00

3. What per cents of discount are allowed for using night rates instead of day rates on calls for which the day rates are as follows?

(a) 45 cents (b) 60 cents (c) \$1.50 (d) \$5.00 (e) \$10.00

4. If a man were to make one call at each of the rates given in 1, 2, and 3 above,

- (a) What would be the total cost of service at these rates?
- (b) What would be the total cost at night rates?
- (c) What is the average of the day rates given above?
- (d) The average night rate is what per cent lower than the average day rate?
- (e) Is it economically worth while to use night rates whenever possible?

5. In the suburban district covered by "Group A" in the business service-rate table on page 521, how much more does it cost for a 1-party line, measured service, than it does for a 2-party line? What per cent more?

6. According to the residence service rates in the table on page 522,
 - (a) How much can be saved by using a 2-party line instead of a 1-party line for measured service in Group A suburban towns? What per cent of the cost of a 1-party line?
 - (b) How much less does a 4-party line cost for the unlimited contiguous service in this territory? What per cent?
 - (c) How much more does it cost to have 1-party line unlimited suburban service in Group A towns than it does to have measured service? What per cent more?
 - (d) Is it worth while to know what kinds of service can be had in the territory where you live? How can you find out which service is best for your home? Should anyone pay for more service than he can use, or needs? See your local telephone book for rates, etc.

7. From the table of rates on page 526 compute the savings which can be made by using the night rates for station-to-station calls instead of day rates between Boston and

- | | |
|----------------------|-----------------------------|
| (a) Albany, N. Y. | (f) Halifax, Nova Scotia |
| (b) Denver, Colorado | (g) Detroit, Mich. |
| (c) Kansas City, Mo. | (h) Louisville, Ky. |
| (d) Miami, Florida | (i) Los Angeles, California |
| (e) Dallas, Tex. | |

8. If each of these calls had been a person-to-person weekday call, how much would it have cost?

9. From the table on page 526 compute the saving on each call made by using night rates on calls at the minimum rate between Boston and

- | | |
|---------------------|--------------------|
| (a) Berlin, Germany | (d) Rome, Italy |
| (b) London, England | (e) Warsaw, Poland |
| (c) Madrid, Spain | |

SCHEDULE OF OUT-OF-TOWN CALL RATES¹

RATES FROM BOSTON TO	DAY STATION-TO-STATION RATES 4:30 A.M. TO 7 P.M.	NIGHT STATION-TO-STATION RATES 7 P.M. TO 4:30 A.M.	PERSON-TO-PERSON RATES WEEKDAYS 4:30 A.M. TO 7 P.M.
Albany, N. Y. . . . .	.80	.50	1.15
Atlantic City, N. J.	1.30	.75	1.70
Augusta, Me. . . . .	.95	.50	1.20
Baltimore, Md.	1.65	.95	2.05
Bangor, Me.	1.15	.60	1.45
Brattleboro, Vt. . . . .	.65	.35	.85
Burlington, Vt.	1.05	.55	1.30
Chicago, Ill.	3.25	1.75	4.00
Cleveland, Ohio	2.35	1.30	3.00
Dallas, Tex.	5.75	3.25	7.25
Denver, Colo.	6.50	3.75	8.25
Des Moines, Ia.	4.25	2.50	5.25
Detroit, Mich.	2.55	1.40	3.25
Halifax, Nova Scotia	2.20	1.20	2.75
Indianapolis, Ind.	3.00	1.65	3.75
Kansas City, Mo.	4.50	2.50	5.75
Los Angeles, Calif.	9.00	5.50	11.25
Louisville, Ky.	3.25	1.75	4.00
Miami, Fla.	4.50	2.50	5.75

The rates in columns two and three to the points listed above are day and night rates from downtown Boston offices for a three-minute period when you will talk with anyone at the called station, *i.e.*, "Station-to-Station" call. Person-to-person day rates appear in column four. From outlying offices these rates may vary five or ten cents either way.

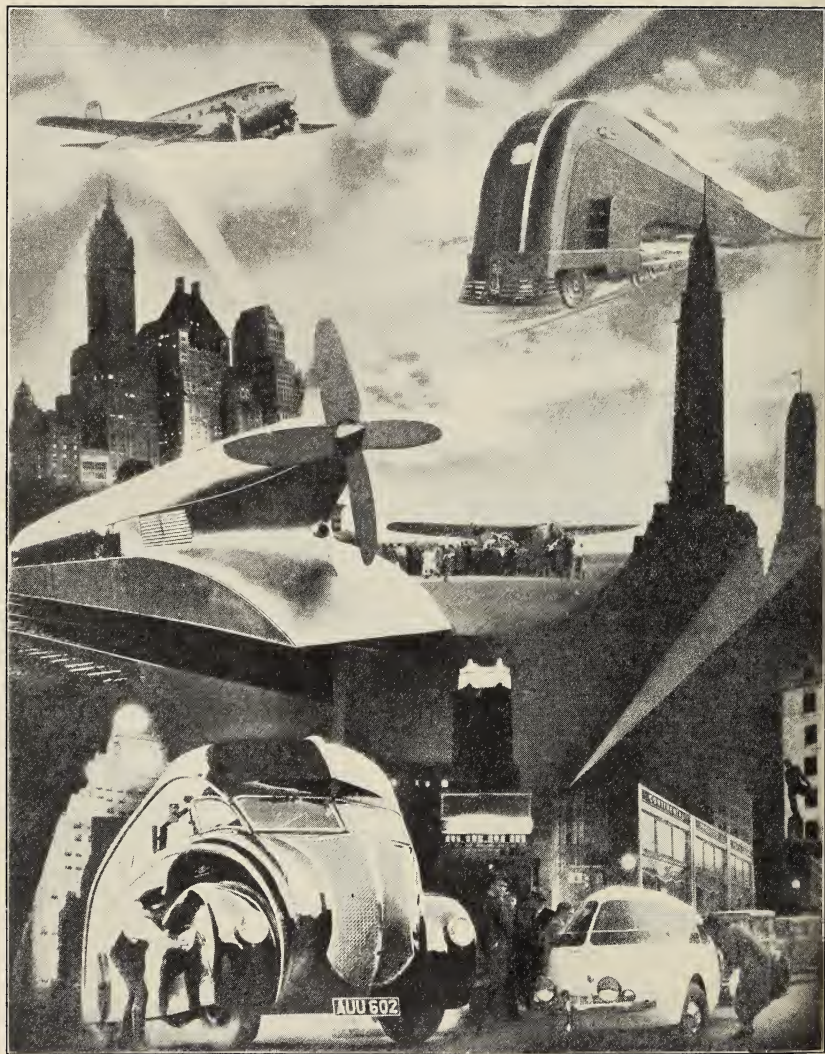
SCHEDULE OF DAY AND NIGHT RATES TO FOREIGN COUNTRIES¹

FROM BOSTON TO	5 A.M. TO 5 P.M.	5 P.M. TO 5 A.M.
Berlin	33.00	24.00
Buenos Aires	30.00	30.00
Geneva, Switzerland	33.00	24.00
Havana, Cuba	11.00	11.00
London	30.00	21.00
Madrid	34.50	25.50
Mexico City	11.25	11.25
Rome	34.50	25.50
Santiago, Chile	33.00	33.00
Warsaw	34.50	25.50

You may call practically all important cities of Europe and many points in Africa, Asia, Australia, Central and South America, and Bermuda, Cuba, and several other island groups. From 5 P.M. to 5 A.M. the rates to European cities are slightly reduced.

¹ These rates are correct as used, but are subject to change from time to time.

PART IX
TRANSPORTATION NECESSARY TO
ECONOMIC LIVING



C. P. Cushing from Nesmith

On wheels or in the air — a means of transportation to meet every need with the degree of safety, economy, speed, and comfort desired.

UNIT 58

PARCEL-POST SERVICE AND ITS USE

Need for Care. — Almost everyone sends packages occasionally. In the interest of economic living, it is necessary to choose the best means of transportation in each case. These are the things which should be kept in mind in deciding just what means of transportation to use :

1. The degree of speed required for delivery ;
2. The cost of getting the package to its destination ;
3. The ease with which it can be dispatched ;
4. The care which must be taken in preparing it for transmission ;
5. The convenience of the person who is to receive it ; and
6. The care which must be taken of the article during transportation.

Every year a large amount of loss results from carelessness and ignorance on the part of shippers of packages containing valuable material. Sometimes the wrong method of preparing a package for shipment is used and damage results. Sometimes the wrong service is employed. At other times, service which is too expensive is used. Whatever may be the cause of loss, it should be prevented if possible.

Postal Information. — It is the purpose of this unit of instruction to help you understand what precautions should be taken in the use of transportation facilities for the sending of packages by mail. If you have many packages to ship, it is desirable to have an information leaflet which is prepared by the Post Office Department. In some cases where special information is needed, it will be necessary to consult the *United States Official Postal Guide* at a post office or public library. This guide is used by postal clerks, other post-office employees, and people who have important problems connected with the use of the mails for transporting parcels. In it will be found information regarding rates, certain requirements regarding the use of mail service, post offices and other mailing stations in the United States, and other information which is useful to those who use the mail frequently for important transportation. The average individual, however, has little occasion to use this comprehensive guide. He will find in the circulars and leaflets issued by the Post Office Department all the information that is needed for his purposes. It is well to know, however,

that the *United States Official Postal Guide* may be consulted at a post office in cases where there is doubt. The individual user of the mails should be able to secure most of the information he needs from time to time by consulting a clerk at the post office.

Postal Service. — This service is one of the most important of the government services. It is a tremendously large business and is operated by the United States Government in the interest of all the people of the country. A large number of people are employed in connection with the collection, sorting, distribution, and delivery of mail of many kinds. Every known device is used to quicken the delivery of mail, however great may be the distance it is carried. The postman takes a letter at your door and carries it to a branch post office, where it is placed in the proper mailbag for delivery to the central office in the local postal district. There again it is sorted and placed in the proper bag according to its destination. This letter may be carried by train to a point perhaps 2,000 or more miles away. There it is sorted and given to the proper carrier, say in Los Angeles, who takes it to the door of the addressee and delivers it, all for three cents. By paying slightly more than this amount, many services of other kinds can be had in connection with the handling of mail.

Preparing Package for Mailing. — It is of greatest importance that all matter to be mailed should be carefully prepared for mailing to avoid damage on the way. No matter how careful employees of the Post Office Department may be, damage may result if packages are carelessly wrapped.

In wrapping a package, use paper sufficiently heavy to make it reasonably sure that it will not tear or break through handling. If for any reason you have not a sufficiently large sheet of wrapping paper to cover the package more than once, it may be necessary to use a newspaper for the first wrapping, with a single sheet of plain paper on the outside.

Use plenty of strong string and see that it is tied so as to remain in place until the destination of the package is reached. Wherever string crosses string, wrap the two around each other to prevent slipping. Illustration 79 shows how a package should be wrapped and addressed.

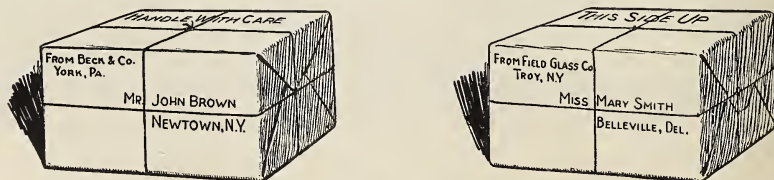


ILLUSTRATION 79. PACKAGES READY TO SHIP

In sending small articles, it often is best to use a box of appropriate size for their protection. Be sure that the box selected is strong enough for the purpose. Always wrap a box in strong paper to protect it. Do not send ordinary pasteboard boxes through the mails without wrapping them carefully.

If the article to be sent is *very* small, such as a piece of jewelry, it is best to put it into a small box, which should be placed in a larger one, filling the extra space with soft paper. A very small package is more likely to be lost than is a larger one.

Corrugated heavy paper should be used to protect photographs and other similar articles when sent through the mails. A breakable article must be packed with unusual care. Excelsior or some other soft material should be used for its protection. Remember that post-office employees find it necessary to handle packages and other mail matter rapidly. They cannot be expected to handle every package so as to protect it against damage unless it has been properly prepared for shipment. If post-office employees were required to handle each piece of mail matter so as to prevent any damage to it regardless of the way in which it was prepared for shipment, the cost of this service would be so great as to make it impossible to use it as at present. If shippers are careful, little damage will result. If they are careless, much damage will result. Everyone has to help pay for damages occurring through failure to wrap packages properly. Post-office rates must be increased to cover loss through damage to parcels; otherwise, there will be unnecessary loss in the operation of the Post Office Department, which will have to be made up by the use of tax money which everyone helps to pay. It should be clear that in the interest of economic living everyone should do his part to prevent unnecessary loss in the handling of mailed packages.

Care in Addressing Packages. — To insure prompt and proper delivery, it is of the greatest importance that all packages be carefully and completely addressed. The one to whom the package is sent is called the *addressee*. It is good practice to put the address on two sides of the package. If one is destroyed, the other can be read. It is best to *print* the address to insure its legibility and to avoid mistakes in the hurry of handling tons of mail. Illustration 79 shows packages addressed with a simple style of lettering which can be used by anyone with a little practice.

The address should be written exactly the same as the address is written on an envelope. The name of the person for whom it is intended should be first, street and number next if they are part of the address, city next, and the state next. If there is additional information, this should be placed conspicuously, probably in the lower left-hand corner of the space used for the address.

In the upper left-hand corner of the space used for the address, the address of the shipper should be written or printed legibly. This, of course, should appear in smaller letters to avoid mistaking it for the address of the one to whom the package is going. Sometimes it is best to write this address *across the corner* of the package.

It often is a good plan to use a sticker for the address. When this is done, the address should be written on the gummed sticker first; then the sticker should be pasted on the package in the proper place. It is very important to be sure that the sticker will not come off in transit. It always should be supplemented by the address of the person to whom the package is going, written directly on the package itself.

In sending some kinds of packages, it is best to use a *tag* for the address. When the tag has been addressed the proper way, it is tied to the package in a convenient place. The danger, of course, is that the tag will become detached from the package. Even if the tag is used, the address should be written or printed plainly on the package itself to help the post-office employees in case the tag is lost.

At the left and below the address, it is proper to indicate the contents of the package. "Photograph," "Printed Matter," "Merchandise," etc., may be used. This is suggested, because the post office charges different rates for different kinds of mail, as we shall see. Therefore, it is desirable to make known just what the package contains. The term *merchandise* covers almost any kind of material which is mailable except photographs, printed matter, and other similar things.

"Parcel Post" may be written either below the words indicating the nature of the goods or below the postage stamps, if the package is to be sent as ordinary parcel-post mail. If it is to be sent as *first-class* mail, the words "First Class" should be used instead of "Parcel Post." In this case, the package must be sealed.

It is a good plan to write the address on the inside of the package if possible before putting on the outer wrapper. If the outer wrapper is destroyed or broken so as to obscure the address on it, the postal service will be able to deliver the package by using the address on the inside.

Everything that has been stated about addressing a package has been said because it is important to prevent mistakes in delivering a package or delay in doing so. Do not make unnecessary work for the postal employees. All unnecessary cost must finally be paid by the public. A little care will work wonders in the direction of lower cost of postal service.

Sending Packages. — The Post Office Department does not undertake to call at homes or offices for packages to be sent by mail. Such packages must be

deposited by the sender in street mailboxes or at the post office. In places where there is a free delivery system, postmen will receive at the door properly addressed and stamped letters, but they will not accept packages in this way. The postage needed for the package is not always known to the postman; he has not the time to look up the information, and he cannot be hindered in his regular work by giving this extra service. Then, too, he does not have the facilities for carrying packages.

Delivery of Packages. — Where a free delivery service is maintained, the post office does undertake to deliver both packages and letters to addressees. Delivery may be made in different ways, according to the size of the post office and the desire of the addressee. It may be made at a general delivery window directly to the addressee or his representative. It may be made by placing the package or letter in a post-office box which is rented for this purpose by the addressee. It may be delivered by regular carrier at the place addressed. In rural communities, it may be delivered by the rural delivery carrier.

The post office also undertakes to forward first-class mail if the addressee has a new address and leaves that address at the original post office where he has received his mail. Other classes of mail matter will not be forwarded unless the addressee or the sender pays additional postage for this service.

Notify the Addressee. — When sending a package, it is best to notify the addressee that a package has been sent. If this is done, the addressee will know that a package is on its way. If delivery is not made within a reasonable time, he can make inquiry for it at the post office. If the package has become lost, his inquiry will make it easier for the post office to find the parcel or to fix responsibility for its loss if it is not found. Delays in trying to locate a lost package always make tracing it much more difficult.

Writing Inside Not Allowed. — Remember that packages are sent at a lower rate than first-class mail. Because of this fact, post-office rules require that there be no written communication inside a package unless the person wishes to pay at a first-class mail rate for it. This makes the cost of transportation much higher than it need be and is contrary to economic living. If, however, one wishes to enclose a letter and send it as first-class mail, it is necessary to seal the package and pay the proper postage for that type of service. Cost of mailing packages should be kept down, and it is practically always better to



Brought right to her door at moderate cost.

send the letter separately. If the letter and package are sent together, both are lost if either is lost. If sent separately, it is not likely that both will be lost.

The words "Merry Christmas," "Happy New Year," "Many Happy Returns of the Day," or "Best Wishes" may be sent inside a package without causing it to be charged for as first-class mail.

Insurance. — It is best to *insure* valuable packages. The extra cost is not large, and while the chance of loss is small, insured packages may be handled with more care than uninsured packages. The sender of an insured package will have a receipt to show that the package actually has been sent. This may be important if there is any question as to whether or not a package has been mailed. When it is desired to insure a package, the clerk at the parcel-post window should be notified. He will add the cost of insurance to the regular postage and give a receipt showing the number of the package, by which it can be traced if lost. Maximum insurance allowed on one parcel is \$200.

If the matter is of considerable importance, it may be desirable to have a receipt showing that the addressee actually has received the package. If this is desired, the shipper must notify the post-office clerk at the time the package is sent. Such a receipt is not necessary except in a transaction of unusual importance. Packages usually are shipped without request for a receipt. If a receipt is desired, it will be returned by the post office for an extra three cents. A receipt for insured mail should be kept, as it will be necessary to present this receipt to collect for loss in case the insured package is lost, stolen, or damaged. Insured packages above a certain value must be sealed. In other words, the post office is unwilling to accept for transportation unsealed packages containing material of very great value. The risk is too great for the fee ordinarily charged.

How should you

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1. Decide what service to use in sending a package to a friend at a distant place in this country? What six things should be considered?

2. Find out what you want to know about postal services and their cost?

3. Prevent damages to a package while it is being sent through the mails?

4. Wrap a package for mailing? What about wrapping paper? String?
Boxing?

5. Wrap a valuable diamond ring for mailing?

6. Wrap a photograph for mailing?

7. Address a package for mailing? Where? How many times? Use of sticker or tag?

8. Make sure that you will be notified if the post office fails to find the party addressed?

9. Make sure of delivery even if the outside wrapper and address are destroyed?
10. Indicate the contents of the package when required or desirable?
11. Indicate by what class of mail the package is to be sent?
12. Send a package you have prepared for mailing?
13. Expect the package to be delivered to the addressee? Where?
14. Make sure that a parcel is forwarded if the addressee has moved to another city?
15. Make sure that the addressee is on the watch for a package you have sent him?
16. Protect yourself against loss in case of damage to a package in transit?
17. Get a receipt to show that the addressee has received the package sent?

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Wrong use of words often is understood to mean that a speaker is ignorant. Learn to spell and use correctly the words you read and hear.

- | | | |
|------------------|---------------|----------------|
| 1. breakable | 7. device | 12. pasteboard |
| 2. comprehensive | 8. dispatch | 13. quicken |
| 3. conspicuous | 9. ease | 14. supplement |
| 4. corrugated | 10. excelsior | 15. transit |
| 5. degree | 11. gummed | 16. tremendous |
| 6. delivery | | |

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1. Select a book and wrap it properly for mailing. Remember that the edges bend easily and that packages are necessarily handled somewhat roughly since mail clerks must work fast. Use every precaution to prevent damage to the book in transit.

2. Address the package you have prepared for mailing. Do not overlook any item. Do your best to prevent delay or mistakes in delivery. Give all the information needed for delivery and required by the Post Office Department.

3. How shall you send your package? Will the postman take it? Why?

4. Write a letter to the person to whom you have addressed the book, saying that it is on its way. Try to put into practice what you have learned about good letter writing.

5. Select addresses as follows and prepare address tags for use in sending a box by parcel post:

- (a) To a rural address. (b) To a small village. (c) To a large city.

UNIT 59

SPECIAL POSTAL SERVICES

Special Delivery. — If it is of great importance that a package be delivered as soon as possible, the shipper should indicate that he desires to have it sent *special delivery*. Rates are charged for this service, varying with the weight of the package. The charge may be paid in the form of a special-delivery stamp or in the form of ordinary postage stamps. The words "Special Delivery" should be lettered plainly below the stamps when regular stamps are used instead of a special-delivery stamp. One who has many special-delivery packages should keep special-delivery stamps on hand. They are more convenient to use and occupy less space on the envelope or package.

When a special-delivery package arrives at the post office to which it is addressed, it is immediately delivered to the addressee by special messenger. This is true only where *free-delivery service* is maintained by the post office. There is no advantage in sending a package special delivery if it is to be delivered on a rural delivery route, as it will reach its destination in the usual way regardless of the special-delivery stamp. In relatively small places, however, a postmaster probably will make an attempt to deliver a special-delivery package even though free-delivery service is not maintained in that community.

Special Handling. — If it is important that a parcel be delivered promptly but not by special messenger, it should be marked "Special Handling." An extra charge for this service must be paid by the sender. When so marked and paid for, a package will be handled exactly the same as first-class mail, thus insuring reasonably prompt delivery. Letters, of course, reach their destination before packages, since the latter are delivered by parcel-post wagons or delivery trucks, while first-class mail is delivered by the postman on regular routes. Some time will be saved by specifying special handling. It must be remembered, however, that this does not mean *special delivery*. The cost for special handling is, in addition to regular postage, ten cents for packages that do not weigh more than two pounds, fifteen cents for parcels weighing between two and ten pounds, and twenty cents for packages that weigh more than ten pounds. It should be remembered that there is no advantage in using both special handling and special delivery. The latter includes special handling. In most cases, special handling

will insure as prompt delivery as is desirable. Like all other services which cost money, the one which will best accomplish the shipper's purpose should be selected in the interest of economy.

Registered Packages. — All valuable packages should be registered. The extra charge for this service is small, and its greater safety justifies the payment of this small amount. Registered packages always have to be sealed. They must contain the return address of the shipper and should be presented at the registry window of the post office during the hours when that window is open, if such a window is maintained at the post office from which the package is sent.

The minimum charge for registration is fifteen cents in addition to regular postage. The necessary stamps may be bought at the stamp window and placed on the package before it is handed in at the registry window.

The receipt which is given to the shipper at the time of shipment should be kept by him until he knows that proper delivery has been made. In cases of the post office's failure to deliver, the shipper must present his receipt when making a claim for damages. The post office is liable for loss to the insurer of packages up to five dollars unless the package is valued at a higher amount when it is shipped and an appropriate fee is paid for additional insurance. A higher valuation may be insured for by paying additional charges for this protection. As in the case of insured mail, for an extra fee of three cents a receipt showing delivery of the registered package at its destination will be returned to the shipper.

Packages of a value not in excess of \$1,000 should be registered when sent as first-class mail. Third- and fourth-class mail parcels, if sufficiently valuable to justify it, should be sent by insured mail.

C.O.D. — Packages may be mailed with the understanding that the post office will collect for them before making delivery. In this case the package is said to be sent *collect on delivery*, or C.O.D. The post office will collect not only the amount of the charges but also the amount due to the shipper for the goods shipped.

Before delivering a C.O.D. package, the postman will require that the addressee pay the amount necessary to cover transportation charges and the shipper's bill. If the addressee refuses to pay the amount due on the package, it will be returned to the shipper.

There is a special C.O.D. tag which the post office requires shippers to use when they desire to send packages by this method. This service is charged for by the post office as follows: If the amount to be collected is not more than \$5, the charge will be 12¢ plus regular postage. For collection of between \$5.01 and \$25 the charge will be 17¢. Between \$25.01 and \$50 the extra charge will

be 22¢. The charge made for C.O.D. service includes insurance on a package up to \$50 where 22¢ is paid; and up to \$200 if the C.O.D. rate is for that amount.

After a package has been delivered and collection for it has been made, the post office will return to the shipper the amount collected from the addressee.

First-Class Mail. — In the unit of instruction on communication by mail (see page 455), first-class mail has been discussed. All *personal communications* and most *sealed mail matter* come under this classification. Postal cards, business reply cards, letters in postage-paid envelopes, and even packages which contain pen-written or typewritten messages must be sent as first-class mail.

Second-Class Mail. — This class of mail is of little importance to the individual. It is of great importance, however, to the publishers of newspapers and magazines. Most periodicals which are mailed regularly are included in this class of mail, with special rates when sent by publishers in quantity. You probably have noticed a statement in magazines and other periodicals somewhat as follows: "Entered as second-class mail matter at the post office in (city) under the Act of March 3, 1879." Second-class mail must go unsealed and must contain no writing. Occasionally a publisher wishes to send a copy of his magazine to an individual and call his attention to the fact that there is a particular item in it which will be of interest to him. This is done by using the words "Marked Copy" on the outside, together with the page on which the item appears. "Sample Copy" also may be written on the outside. Such notations do not change the class of mail matter.

Third-Class Mail Packages. — Printed matter sent by an individual usually is sent as third-class mail. In fact, any package which does not exceed eight ounces in weight and which is not required to be sent as second-class or first-class mail usually is sent as third-class. Heavier packages are sent as fourth-class mail by parcel post. There are special rates for books, catalogues, bulbs, plants, and certain other things. These rates change from time to time, and as they are not used by individuals often, it is better to consult the post office when one needs to know about them.

The regular rate for third-class mail is $1\frac{1}{2}$ ¢ for each two ounces or fraction thereof. There also is what is known as a *bulk rate* for quantities of third-class matter mailed at one time. If one is mailing a circular to a large number of people, and the total weight of the material is twenty pounds or more, or the number of pieces is in excess of 200, it is best to obtain the bulk rate for this shipment, as postage can be saved in this way.

Fourth-Class Mail Packages. — This class of mail now is called parcel post. With the exception of first-class and second-class mail matter, this class of mail service handles all packages in excess of eight ounces in weight. The maximum

limit which a package sent by this means may weigh is seventy pounds. The limit in size is a total measurement of length and girth of not more than 100 inches. The cost of sending parcel-post packages depends upon distance and weight. Some parcel-post rates as they are at present are shown below. At your local post office, you may see a table showing the cost of parcel-post packages from that post office. If an individual frequently has occasion to send packages, it is best to have this information on hand and thus save trouble and postage when sending packages.

Mail to Foreign Countries.— Mail can be sent to any country through the United States Post Office. Rates for this service are varied for different countries. Countries that have a membership in the Universal Postal Union may be reached by paying the following charges for transportation: For packages, 14¢ for each pound or fraction thereof; for letters, 5¢ for the first ounce, and 3¢ for each additional ounce or fraction of an ounce. Cards may be sent at the three-cent rate.

Those who have foreign mail to send regularly to some particular place should make sure of the postage to that place. Those who send letters to foreign countries only occasionally should consult the postal guide or ask at the post office for the rates desired.

SOME PARCEL-POST RATES

ZONES	RATE FOR FIRST POUND	RATE FOR SECOND POUND	Rates for higher weights increase according to distance but not at the same rate for each zone. For higher weights, consult your local post office.
Local	7¢	1¢	
1st — 50 Miles	8¢	2¢	
2d — 50 to 150 Mi.	8¢	2¢	
3d — 150 to 300 Mi.	9¢	2¢	
4th — 300 to 600 Mi.	10¢	4¢	
5th — 600 to 1,000 Mi.	11¢	6¢	
6th — 1,000 to 1,400 Mi.	12¢	7¢	
7th — 1,400 to 1,800 Mi.	14¢	9¢	
8th — Over 1,800 Mi.	15¢	11¢	

Economizing on Postage.— Much trouble is caused every day by failure on the part of users of the mails to attach the correct postage. When less than the required postage is placed on a package to be shipped, it will be held until the additional postage required is paid. This causes delay and makes trouble.

Knowing this fact, some senders use too much postage to make sure that there will be enough. This is a financial loss and should be avoided. It is better to know exactly what postage is required before placing any on a package. A postage information leaflet should be at hand. There is little excuse for using too much or too little postage on packages. If there is doubt, it always is possible to call the post office and ask for the information desired. It must be urged again that it is in these small economic matters that you should develop good habits of thrift. Small losses accumulate to make large losses. Carelessness in respect to small financial particulars leads to carelessness with respect to large matters of similar nature. Use two-cent stamps where two-cent stamps are required; use three-cent stamps for services requiring this much postage. Always attach the correct amount of postage in mailing packages or other mail matter. Foreign stamps cannot be used in sending mail from this country, even to the country that has issued the stamps.

Certain Legal Restrictions. — The government has found it desirable to make certain laws in regard to the use of mail services. The more important restrictions in the use of the mails may be set forth as follows:

1. One must not place first-class mail matter in a second-, third-, or fourth-class package and thus avoid the payment of the higher rate of postage. The same is true with respect to the concealment of any class of mail matter by placing it in a package of lower class and paying the postage required for the lower class.

2. Indecent language or any expression which will tend to injure the reputation of another may not appear on an envelope, package, or postal card.

3. Highly inflammable matter and explosives may not be mailed because of the injury they might do to those who handle the mail or who receive it.

4. Poisonous matter may not be sent by mail.

5. An obscene book, picture, or other matter may not be sent by mail.

6. No matter pertaining to a gambling project, such as a lottery, may be sent by mail.

7. Mutilated stamps may not be used.

8. Stamps that have been canceled may not be used again by removing the cancellation mark or otherwise erasing evidence of previous use.

9. Any attempt to defraud the government in the use of mail services is punishable under the law.

These laws are for the public good. They should be respected in all cases. It may be suggested, however, that an unused postage stamp which is torn a little in handling may be used by pasting both parts on an envelope or package. In other words, one need not hesitate to use such a stamp because of the law

which forbids the use of mutilated stamps. All that is intended in this law is that people should not tear off uncanceled parts of stamps already used and piece them together so as to make them look like new stamps. It is not the intention of the government to deprive the user of the mail of even the three cents which may be involved in a stamp which accidentally becomes torn in using it. If there are many such stamps, it always is best to take them to the post office and have them exchanged for new stamps.

Materials for Use in Mailing Packages. — The following materials will be found useful by individuals who send a considerable amount of mail:

1. A stamp box for the safekeeping of new stamps;

2. Mucilage of some kind for sealing packages when they are to go as first-class mail;

3. Manila tags for use in addressing packages;

4. Gummed stickers for use in addressing packages;

5. A letter and package opener which can be used without endangering the contents;

6. A ball of good heavy twine for use in tying packages;

7. A roll of adhesive tape for holding paper edges in place and for other uses in connection with preparing packages;

8. Glue in a tube for securing the edges of boxes and other wrapping material;

9. Rubber bands for use inside the outer wrapper to hold the inner packing cover in place;

10. A fairly heavy pen for use in lettering, or a small lettering brush if preferred;

11. Ink of good quality which may be kept in condition by the addition of a small amount of water to compensate for that which has evaporated;

12. A rubber stamp with the address of the sender and an ink pad for this stamp. (This can be used for the return address on plain envelopes and on packages and will save much time.)

A box of materials like some mentioned above is shown in Illustration 80. Such a box can be purchased at almost any stationery store. It is convenient

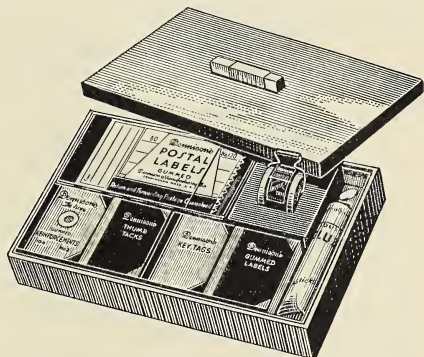


ILLUSTRATION 80. DESK SUPPLIES

Useful desk supplies ready for use. How many items can you identify? For what are they used?

for personal use and is inexpensive. It will save time and money for anyone who has occasion to use the mails often.

Scales for Weighing Mail Matter. — Scales for use in weighing mail matter, especially letters, are shown in Illustration 81. Scales that will weigh heavier packages should be a part of one's equipment if heavier packages are sent often.

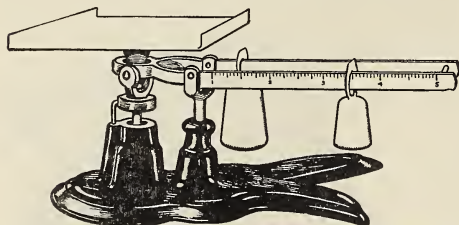


ILLUSTRATION 81. LETTER AND PARCEL-POST SCALES

See Illustration 74. Such packages, of course, may be weighed on bathroom scales or on scales kept in the kitchen, when these are available. The household scales mentioned, however, do not weigh letters, and therefore small letter scales are necessary.

When one has occasion to send a newspaper or magazine to a friend, a wrapper may be made by slitting the ends of an envelope, preferably a large envelope, and wrapping it around the paper or magazine. This should be addressed in the usual way. The gummed flap may be closed exactly as if the envelope were being used as originally intended. This makes a convenient wrapper when no other kind of wrapper is available. If many papers are sent, it is best to have among the other things mentioned some special newspaper wrappers.

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How would you

1. Be certain that a package would be handled by the post office as if it were first-class mail? What would this service cost you?
2. Have a package delivered by special messenger almost as soon as it reached its destination? What would this service cost you?
3. Protect yourself against loss in case a package valued at \$40 should be lost on the way through the mails? What would this protection cost you?
4. Be sure that a package would be handled with extra care to prevent its loss while being carried through the mails? What would this cost?
5. Protect yourself against loss in case a package valued at \$100 should be lost while in the hands of the Post Office Department? What would this protection cost you?
6. Secure proof that your package had been delivered to the addressee? What would this cost?

7. Proceed to have the postmaster collect an amount due to you for a package containing something which you sold to a friend in a distant city? If the amount is \$8, what would this service cost? If the amount is \$55? \$95?

8. Send a book to a friend in a distant city? By what class of mail service?

9. Send a package weighing in excess of eight ounces? By what class of mail service? Suppose the package weighs seventy-five pounds?

10. Find out the cost of sending a package by parcel post if you have only an occasional one to send? If you send packages frequently?

11. Send a note to a friend about the contents of a package being sent him by parcel post? Write a note and put it in the package? Why? Write a letter and mail it separately? Why?

12. Wrap a newspaper to send to a friend if you have no special wrappers?

Can you list

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1. The legal restrictions which must be observed in using the mails? Nine are discussed in this unit.

2. Things which are useful in sending articles by mail? Twelve are discussed in this unit.

3. Some good advice regarding the use of stamps in the right amount when sending packages?

4. Reasons why postal scales should be owned by people who send many packages?

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These words or other forms of them have been useful in this unit. They will continue to be useful to you. Can you spell and use them correctly?

- | | | |
|------------------------|------------------------|-----------------------|
| 1. <i>bulk</i> | 12. <i>leaflet</i> | 23. <i>parcel</i> |
| 2. <i>cancellation</i> | 13. <i>legal</i> | 24. <i>periodical</i> |
| 3. <i>concealment</i> | 14. <i>lottery</i> | 25. <i>piece</i> |
| 4. <i>deprive</i> | 15. <i>magazine</i> | 26. <i>poisonous</i> |
| 5. <i>endanger</i> | 16. <i>maintain</i> | 27. <i>preferably</i> |
| 6. <i>evaporate</i> | 17. <i>measurement</i> | 28. <i>publisher</i> |
| 7. <i>exceed</i> | 18. <i>membership</i> | 29. <i>punishable</i> |
| 8. <i>excuse</i> | 19. <i>mucilage</i> | 30. <i>shipper</i> |
| 9. <i>explosive</i> | 20. <i>mutilate</i> | 31. <i>tend</i> |
| 10. <i>handling</i> | 21. <i>notation</i> | 32. <i>weight</i> |
| 11. <i>inflammable</i> | 22. <i>package</i> | |

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1. Make up a table in which you will put the correct amount in place of each question mark below :

KIND OF MAIL MATTER	CLASS OF MAIL MATTER	COST AT REGULAR RATE	C.O.D. COST	SPECIAL-DELIVERY COST	REGISTRATION COST	INSURANCE COST	SPECIAL HANDLING	TOTAL COST OF MAILING
1. Personal Letter, No Money Value . .	?	?		?	without receipt ?	—	—	?
2. Box of Dozen Handkerchiefs, 8 Oz., 1st Zone . . .	?	?		—	—	—	?	?
3. Box of Clothing, 2 Lbs., 2d Zone Value \$30 . . .	?	?		—	without receipt ?	—		?
4. Box of Clothing, 2 Lbs., 5th Zone Value \$100 . .	?	?		?	without receipt ?	?	?	?
5. Musical Instrument, 1½ Lbs., 3d Zone Sale Price, \$6. .	?	?	?	—	—	?	?	?
6. Book, 2 Lbs., to England (in Postal Union) . . .	?	?	—	—	—	—	—	?
7. Box of Old Clothing, 10 Lbs., to England (in Postal Union)	?	?	—	—	—	—	—	?
8. Sealed Package, 12 Oz., to France (in Postal Union) .	?	?	—	—	—	—	—	?

2. Suppose you come home from a vacation in Canada with \$.50 in Canadian stamps in your pocket. Can you use them on letters to friends in Canada? Why? What can you do with these stamps to prevent loss?

3. Suppose that in item 2 in the table the box is going to a city only fifty miles away and is being mailed in the early evening. Would "special handling" save much time? Would there be waste in using this service? How much?

4. Suppose that in the case of item 4 you wish prompt delivery but not necessarily immediate delivery. What waste is there in the plan used? How much? What per cent of the total cost of service is wasted?

5. Suppose that in item 6 it is important that the book be delivered as promptly as is possible. What would be the change in cost and service used?

UNIT 60

EXPRESS SERVICE AND ITS USE

Need for This Service. — Before the days of parcel post, practically all small packages were sent by express. This service was cheaper, easier to use, and in every way more satisfactory than freight service for small or valuable shipments; especially where it was desirable to insure prompt delivery.

Since the introduction of the parcel-post system, many small packages have been sent by mail, but, as has been shown, packages beyond a certain weight and size may not be sent by parcel post. Such packages still are sent by means of express service. Even many packages which can be mailed by parcel post are sent by express for various reasons. One of these reasons is the fact that the express company will call for them at the home or office of the sender. This saves trouble and delay.

Furthermore, the liability of the express company is not limited to the extent that it is in the case of parcel post. The upper limits of insurance on parcel-post packages is \$200. There is no such upper limit on express packages. One may insure express packages for almost any amount by paying the necessary charges for this insurance. Thus in sending very valuable packages, express service may be better. However, it is possible to insure parcel-post mail more fully by taking insurance with an agency outside the post office itself. This is less convenient, however, than to have the shipment insured by the company which carries the goods to their destination. In this way the entire matter may be handled in a single transaction.

The express company, like the government, uses steamships, automobiles, airplanes, and railroads in the transporting of its packages. An express company will undertake to deliver packages in almost any part of the world. Its fast steamship service enables it to render this service without delay.

Development of Express Service. — As early as 1860, the *pony express* was established to carry important messages and letters from St. Joseph, Mo., to Sacramento, California. Express messengers made the trip on horseback and changed horses every ten or fifteen miles. Regularly it took ten days to make the trip. A charge of about \$5 for each letter was made. When the railroad was first extended to the Pacific coast, mail and express were carried by that means.

The word *express* is used to indicate rapid transportation. At one time it was the most rapid transportation which could be used for sending packages of all sizes. As has been shown, packages now may be transported by parcel post as rapidly as they can be sent by express. Airplane service is much faster than railway express service today. However, this most rapid means of transportation is not yet available in all communities. It affords a great saving of time, but it is more expensive than railway express. In the shipment of packages from New York to Chicago, a whole day can be saved. Between points on the Atlantic and Pacific coasts, days may be saved by using airplane express. However, mere speed is not the only thing to consider in deciding whether or not to use this type of service. Expense is an important consideration.

Economic living requires that we employ at all times the service which will do for us what we want done and at the lowest cost. We should not select a service merely because of its speed when speed is not important in delivering the package we have to send. It might be added that we shall do well to send parcels far enough in advance of the date when they must be delivered to enable us to use slower and less expensive services. This is merely a matter of economy. It was said in a unit on telegraph service that many people delay writing letters until they find it necessary either to telephone or to telegraph. This is expensive and a needless waste of money. The same can be said about using transportation service. We should not delay until it becomes necessary to use the most expensive service when this can be avoided. On the other hand, we should not neglect to use the most rapid service, even at greater expense, when this kind of service really is needed.

The word *express* still means rapid transportation, but it is not confined to railway express, as will be seen from the discussion of other forms of express in addition to airplane express, which has been mentioned above.

Railway Express. — This type of service should be chosen for sending some shipments for the following reasons:

1. It is safe.
2. The shipment will be called for at home or office.
3. Delivery will be reasonably prompt.
4. Value can be covered by insurance to any amount.
5. At destination the parcel will be delivered directly to the addressee.
6. There is no limit as to size of package.
7. A number of parcels of similar kind can be grouped and sent as a *lot shipment*.

8. The cost is no more than will have to be paid for other similar services and is less than must be paid for some more rapid services.

Preparation of Package for Shipment. — As in the case of a parcel-post shipment, great care should be taken to prepare packages for shipment by express. These suggestions will be helpful in preventing loss through faulty packing:

1. Wooden boxes, when used, should be securely nailed.
2. If moisture is likely to damage the contents, wooden boxes should be lined with heavy paper or some other water-resisting material.
3. Fragile articles such as glassware, pottery, etc., must be packed with unusual care and must be marked "Fragile"; otherwise, the express company will not be responsible for loss through breaking. The point of this is, that when packages are marked "Fragile," express employees will take better care of them than they will need to take of ordinary packages. Excelsior or similar material should be used in packing breakable articles.
4. If for any reason a certain side of the package should be kept uppermost, the package should be marked "This Side Up" to indicate this fact. See Illustration 79.
5. It is best to use several thicknesses of heavy paper and unusually strong cord in securing express packages. However strong, a single covering of paper is likely to become torn in handling. It must be remembered that if, because of careless or improper packing, express employees must take greater care than would ordinarily be necessary in handling packages, this will add to the expense of transportation. Express rates will be higher for this reason.

Rates for this service, as for other services, are likely to be proportionate to the cost of operation. Anything which keeps the cost down tends to reduce rates. No individual, in the interest of economic living both for himself and for others in his community, should do anything which will add to the expense of this particular service. Thus it is important to prepare packages properly for transportation.

Articles weighing above thirty-five pounds will not be accepted if they are wrapped in paper or pasteboard or otherwise seem likely to be damaged because of faulty wrapping. Such articles should be in boxes, crates, trunks, or in some other more protective outer wrapping.

6. Some pasteboard boxes are strong enough to be used, even for express shipments, but many such boxes which already have been used are weakened to the point where they are not safe for further transportation. One should be very sure of the condition of any box before using it for packing anything to be sent by express. It is better to purchase a new box or to use several wrappings of very heavy paper than it is to use a weak container which has already been used one or more times.

Addressing Packages. — Whenever possible, the address should be lettered or written plainly on the package itself. When this is done, it is best to mark the address in several places. If one becomes destroyed, another can be read.

Tags with string for tying them to the package may be used, but these tags should be securely fastened. One should be used for each article, even though there are several in the shipment.

When tags are used on boxes, crates, or barrels, they should be tacked on instead of being tied. This will insure that they will not be pulled off in handling. Large-headed tacks should be used for this purpose. One should not use tacks or nails which will extend through the outer covering and perhaps damage the contents.

If a box or other receptacle already has been used, one must be careful to remove old addresses which, if left, will be confusing to those who handle the package.

The address should contain all necessary information for delivering the package, just as in the case of mail. The name of the addressee, his street and number, the name of the city or town, and the state should be used. A marking alphabet should be used to insure legibility.

The alphabets in Illustration 82 are very easy to learn and can be made very rapidly with pen, pencil, or brush. A heavy *ball-point* pen is the best one for the average person to use. Be sure to sit fronting the desk and hold the paper so that you will draw the downstrokes of the letters straight toward you. The beginner probably will have trouble in keeping regular spacing between the letters in words. Space the letters close together to avoid difficulty of this kind. First, learn to make the simple straight-line forms, and later you will be able to vary them to suit your own taste, as is shown in the name below the alphabets.

ABCDEFGHIJKLMNOPQRSTUVWXYZ
 WXYZ abcdefghijklmnopqrstuvwxyz

A. H. Lincoln

ILLUSTRATION 82. LETTERING ALPHABETS

The name and address of the sender must appear on the package. Place this address in such a position as to make sure that it will not be mistaken for the address of the one to whom the package is going. Remember that express

packages must be handled rapidly in the interest of the quick service which shippers desire. If the addresses are illegibly or inconspicuously written, the work of express employees is retarded. There is an old saying that certain things should be written so that "he who runs may read." This is not meant to apply to addresses on packages, but it is a good motto for those who address parcel-post or express packages to follow.

As when addressing mail matter, be sure to avoid abbreviations, as they frequently are the cause of mistakes. This is especially true of abbreviations for cities and streets. Abbreviations for states should be written carefully.

List of Contents of Package. — Individuals most often send a single article in a package. They do not usually ship many articles in the same package excepting at Christmas time or on some other such occasion. Therefore, it is not often necessary to put into the package a slip indicating the contents. If, however, several articles are shipped together, it is best to make a simple list of these articles and to place it inside the package where the receiver will notice it and check the articles to be sure that none is missing. If such a list is used, it is a good plan to check it as the articles are placed in the package. This will avoid omitting any. When the receiver rechecks these items and finds them correct, the transaction may be closed.

In marking a package for shipment, one should indicate how the charges are to be paid. They may be paid by the sender or by the receiver. A package sent C.O.D. means that the receiver will pay not only the shipping charges but also the cost of the article shipped in an amount named by the sender. Illustration 83 shows an express C.O.D. tag. If the package is marked merely "Collect," it is meant that charges only will be paid by the receiver. If the sender is to pay the charges, the package should be marked "Prepaid."

Businessmen may send a number of articles together as a single shipment although they are packed separately. This is known as a *lot shipment*. Individuals rarely find it necessary to use this kind of service. If, however, several packages are sent at the same time as a lot shipment, each should be marked in some way to identify it as part of such a shipment. The name of the sender or a lot number may be used.

(Printed in U.S.A.)		RAILWAY EXPRESS AGENCY ⁽⁶⁾ INCORPORATED ⁽⁴⁻³⁴⁾	
C.O.D.		\$ <u>21.50</u>	On <u>1 pkg</u> (Number Pieces)
C.O.D. Service Charges to be paid by <u>consignee</u>			
Employee receiving must enter in above blank space the amount of C. O. D., and whether shipper or consignee is to pay service charge on collection, pasting label on C. O. D. shipment at time of receipt.			
Agent at destination must make remittance of C. O. D. collections to shipper or agent at shipping point within 24 hours after collection, Sundays and legal holidays excluded.			
Name and Address of Shipper	<u>George Anderson</u> <u>Springfield, Mass</u>		

ILLUSTRATION 83. EXPRESS C.O.D. TAG

(Printed in U.S.A.)	START EXPRESS SHIPMENTS RIGHT. PACK RIGHT. MARK RIGHT. UNIFORM EXPRESS RECEIPT. (ORIGINAL) <small>Company will not pay over \$50, in case of loss, or 50 cents per pound, actual weight, for any shipment in excess of 100 pounds, unless a greater value is declared and charges for such greater value paid.</small>	(5015) 9-34
RAILWAY EXPRESS AGENCY <small>(INCORPORATED)</small>	Date, <u>April 5, 19--</u> at, <u>Newton, Mass.</u>	
RECEIVED FROM <u>Richard Roe</u> Subject to the Classifications and Tariffs in effect on the date accepted the properties hereinafter described, which the Company agrees to carry upon the terms and conditions of its regular form of receipt printed on the back hereof, to which the shipper agrees and as evidence thereof, accepts this receipt. NON-NEGOTIABLE RECEIPT.		
Number and Description of Pieces.	Value herein declared by Shipper to be Dollars Cents	CONSIGNED TO DESTINATION Charges Dollars Cents
<u>1 pkg.</u>	<u>5.00</u> —	<u>American Book Co.</u> <u>85 Lexington Ave., New York</u> <u>5.44</u>
		No. <u>1</u> Pieces Hour <u>2</u> P.M. A.M.
<u>John Doe</u> <small>For the Company</small>		
<small>When entering shipments forwarded C.O.D., always use two lines. Employee receiving for C.O.D. shipments must sign his name (not initials) directly following each C. O. D. entry.</small> PLACE—YOUR NAME AND ADDRESS ON BOTH INSIDE AND OUTSIDE OF EACH PACKAGE.		

ILLUSTRATION 84. EXPRESS RECEIPT FORM

How to Send a Package by Express. — When the package is ready for shipment, either take it to the express office or ask the express company to send a messenger for it. In most cities delivery and collection services are maintained. In small places where no delivery service is maintained, it is necessary for addressees to call for packages and for senders to take them to the express office.

Where a collection service is maintained, a call for an express wagon may be made in person, by letter, or over the telephone. An individual rarely has enough use for express service to justify having a window card; however, if, as the representative of some organization or for some other reason, one must use express service frequently, it is best to have an *express company call card* which may be displayed in the window so that the express wagon will call. It must be remembered, however, that in residential districts the window card may not be very effective because of the infrequency with which express company wagons pass by. It is of service only when used on business streets.

At the time the package is delivered to the employee of an express company, a *receipt* is made out. Illustration 84 shows this receipt. One copy of this receipt is kept by the company, and one is delivered to the shipper. This is an important document, as it represents a contract between the shipper and the express company. It should be kept until word is received that the package has been delivered in good condition. It is not necessary to send the receipt to the addressee, as the package will be delivered directly to him at the address

named. If delivery cannot be made because of the absence of the addressee, a notice will be sent to him, so that he may call for the package or arrange for its delivery. This notice, when brought to the express company's office, is regarded as sufficient identification of the addressee. In the case of very valuable packages, more satisfactory identification may be required.

Notifying Addressee. — As in the case of mail shipments, and for the same reasons (see page 533), it is desirable to notify the consignee at once that shipment has been made by express. If for any reason the shipment is not delivered promptly, the consignee will make inquiry at the office of the express company. This will assist the company in tracing a lost package and will avoid unnecessary delay.

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Can you tell

1. Why many small packages are sent by express instead of by parcel post? Eight reasons are given in this unit.
2. Why it would not be better to send all packages, large and small, by express?
3. Which will insure your valuable packages for the larger amount, the post office or the express company?
4. How you may insure a parcel-post package for more than the post office will insure it?
5. When and where the pony express service was established in this country?
6. What was carried by this service? At what cost?
7. What besides speed should be considered when deciding what service to use in sending a package? Why?
8. What the wise selection of transportation service has to do with economic living?
9. How you may avoid the necessity for using especially fast, expensive service when you have packages to send away?
10. How to prepare for shipment
 - (a) A package containing glassware?
 - (b) An article which moisture will injure?
 - (c) An article which should be kept *right side up*?
 - (d) An article weighing forty pounds?
11. Why carelessness of others in preparing packages for shipment may cost you money, however careful you may be? Think of several ways.
12. How addresses should be put on packages?
13. When and how *tags* should be used?

14. What should be done with old addresses on paper, boxes, or crates which are used for shipments?
15. How the saying "he who runs may read" applies to addressing packages?
16. When and how abbreviations may be used in addressing packages?
17. What care to take in putting the sender's address on the package?
18. What should be done when several articles are enclosed in one package, especially in excelsior or some other packing material?
19. What these terms mean?
 - (a) C.O.D. (d) Lot shipment
 - (b) Collect (e) Call card
 - (c) Prepaid
20. How to send an express shipment
 - (a) In cities where collection and delivery service is maintained?
 - (b) In places where no such service is maintained?
21. What to do with a *receipt* for an express shipment? Why?
22. How the express company will identify you when it has a package to deliver to you
 - (a) Where packages are delivered?
 - (b) Where packages are to be called for?
23. What you should do at the time of sending an express package?

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Here are more good words to know. Study them if necessary to make them your own.

- | | | |
|---------------------|----------------------------|----------------------|
| 1. <i>absence</i> | 10. <i>express</i> | 18. <i>outer</i> |
| 2. <i>agency</i> | 11. <i>fastening</i> | 19. <i>pottery</i> |
| 3. <i>barrel</i> | 12. <i>fragile</i> | 20. <i>railway</i> |
| 4. <i>cheaper</i> | 13. <i>glassware</i> | 21. <i>resisting</i> |
| 5. <i>confine</i> | 14. <i>inconspicuously</i> | 22. <i>shipment</i> |
| 6. <i>consignee</i> | 15. <i>limits</i> | 23. <i>similar</i> |
| 7. <i>container</i> | 16. <i>moisture</i> | 24. <i>tracing</i> |
| 8. <i>crate</i> | 17. <i>needless</i> | 25. <i>weaken</i> |
| 9. <i>display</i> | | |

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1. How many years have passed since the pony express service was started?
 2. The distance from St. Joseph to Sacramento is approximately 1,960 miles. If express messengers changed horses every fifteen miles, how many changes were necessary? How many horses were necessary for the round trip?

3. How much more did it cost to send a letter from St. Joseph to Sacramento in 1860 than it does now? What per cent more?

4. If it takes sixty-two hours to make the trip from St. Joseph to Sacramento by fast railway express, what per cent saving of time is this over the time which was required in 1860 for this trip?

5. How long would it take an airplane to make this trip at an average speed of 120 miles an hour? What per cent of saving in time would this be over pony express in 1860? Over railway express now?

6. Using the information in the first two columns below and that given in the Air Express Schedule, complete a chart like the following by placing proper amounts in place of question marks :

EXPRESS CHARGES FOR 10-POUND PACKAGE FROM NEW YORK TO	VIA RAILWAY EXPRESS	VIA AIR EXPRESS	EXTRA COST FOR AIR EXPRESS	PER CENT GREATER COST
Chicago, Ill.	\$ 69	?	?	?
Dallas, Tex.	99	?	?	?
Denver, Colo.	1 09	?	?	?
Butte, Mont.	1 27	?	?	?
Kansas City, Mo.	83	?	?	?

AIR EXPRESS SCHEDULE

Air Express Schedules from NEW YORK (Newark Airport)													Air Express Charges on following Weights from NEW YORK, N. Y. NEWARK, N. J.															
(A. M. Time in LIGHT Figures—P. M. Time in DARK Figures)																												
Read Down													POUNDS															
10.00	9.00	8.00	7.00	6.00	5.00	4.00	3.00	2.00	1.00	12.00	11.00	9.00	1.00	1/2	1	2	3	4	5	6	7	8	9	10	15	20	25	Over 25
																												Per 100 lbs.
																											</	

UNIT 61

LIABILITY FOR LOSS AND SPECIAL EXPRESS SERVICES

Lien on Shipment for Charges. — When a package is sent either *collect* or *C.O.D.*, the express company has a claim on the package until payment of the charges is made either by the addressee or by the shipper. If neither the addressee nor the shipper pays the charges, the company may under certain conditions sell the goods at auction. After enough is taken out to cover charges and expenses of sale, any balance must be returned to the shipper.

Kinds of Express Service. — For the individual user of express service, it is not necessary to know all about the kinds of service used by businessmen in sending merchandise to their customers or in receiving goods from those who produce them. Most individuals have occasion to use express service much less than they do mail service. If the individual is in doubt as to which service is the best one to use, he should consult a representative of the express company either in person or by telephone to find out just what the article he has to send will cost. Rates are changed from time to time, and the services rendered are modified occasionally. For the infrequent service of the individual, it hardly seems necessary to consider at great length all types of service and the charges for each.

It is well to know, however, that express service, like mail service, is divided into several classes. The three most important classes of service are the following :

1. *First-class* service is that which is used in sending ordinary merchandise. A pair of shoes, a dress, a chair, and a rug are examples of things that can be sent as first-class.

2. *Second-class* express includes things which are used as food and drink. The farmer, for example, who sends a crate of eggs every week to a patron in the city will use second-class.

3. *Third-class* express includes printed matter. Books, old magazines, etc., are included in this class.

There are other classifications of express into which the three mentioned above are subdivided. The way in which goods are packed for shipment has much to do with the cost of this service. One who is about to ship something by express should find out just what class of service should be used, what the charge will be, and how the article should be prepared for shipment.

It should be added that for packages weighing not more than ten pounds the first- and second-class rates are the same ; therefore, there is no necessity for

considering special classifications as far as rates are concerned for the average small package which individuals send by this means. For much larger packages, there is a considerable saving in using second-class express service.

The general nature of the contents of an express package should be made known. This is especially important if the article is somewhat fragile or if it is of a perishable nature, such as fruits, vegetables, etc.

If a person has sufficient need for detailed information regarding express rates, he may obtain what is known as a tariff guide, in which all the information needed will be found. As has been said, the average individual user of express service will find it satisfactory to consult his express agent or office when in need of information about any special service or rate.

Insurance of Express Packages. — In your study of mail service, it was found that parcel-post packages could be insured up to a value of \$200 by paying for this insurance. An express company is liable under its contract for damage to, or loss of, a package while in its possession to the amount of \$50 for any package weighing not more than 100 pounds, and for an amount not in excess of 50¢ a pound for packages weighing over 100 pounds. If a value of more than 50¢ a pound is placed on a package at the time it is shipped, and the shipper desires that the express company shall be liable for this larger amount, an additional fee for this insurance must be paid. Thus it will be seen that in sending a package whose value is greatly in excess of 50¢ a pound, it is best to purchase insurance to prevent loss during transportation.

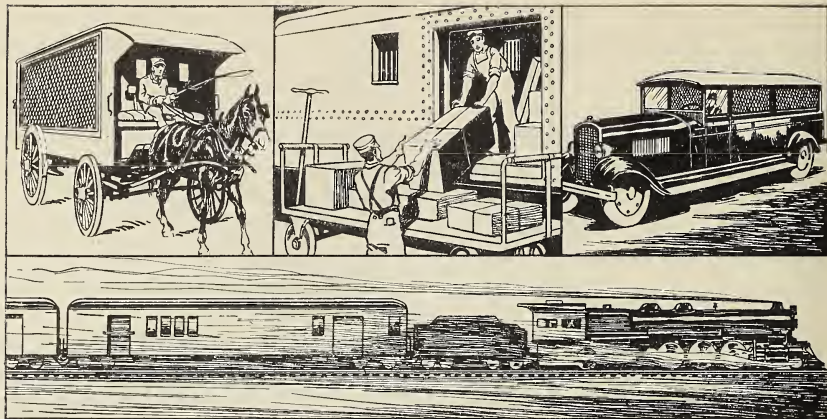
It will be remembered that in the case of parcel-post packages, the government is not liable for loss unless the parcel is insured. In the case of express packages, insurance is necessary only when the value is in excess of 50¢ a pound, as the usual express charge includes insurance up to that amount.

It is only fair to the express company to indicate the fact that packages are of great value when this is the case, so that it may take extra precautions to prevent their being stolen or damaged.

Trucking Express Service. — In recent years, express service by truck has been made available between many cities and towns. Usually this service is employed only for what are called *short hauls*. Packages and other things are collected and delivered the same day directly to people in near-by cities and towns. Boxes, crates, bags, sacks, barrels, poultry, and all kinds of articles can be shipped by this means.

Trucking service usually is available both at night and during the daytime. There are regular truck lines between important cities, such as Boston and New York, and even between cities more widely separated.

One of our present problems is that of deciding how all of these different



Care, speed, and convenience in handling express packages. Do you think any one of these conveyances is wholly out-of-date?

kinds of services can be used so as to make each play an important part in our whole transportation system. Competition between different types of express service may be unsatisfactory to a certain extent. The government is interested in this problem and is trying to work out a plan in accordance with which airplanes, trucks, railroads, and steamboats may be used for transporting goods in such a way that each will give the service for which it is best equipped without interfering with the services rendered by other agencies.

No problem is of greater importance to the public — that is, to you and to me — than the problem connected with transportation. Everything we eat, everything we wear, all of the things used to make the homes in which we live, and in fact every material thing which is bought or sold and finally used, must as a rule be transported by some means from the place where it is produced to the place where it is used. Often several kinds of transportation are required for this service. It is important that there shall be available at all times the kind of service needed. No one of the services mentioned is equipped to handle all of the transporting there is to be done.

The cost of transportation is taken into consideration when the prices of things we buy are determined. Thus it will be seen that low-cost transportation means cheaper goods. Looked at another way, it will be seen that the one who uses things which are transported is the one who finally pays for the cost of transportation; therefore, everyone should be interested in this great and important problem with which our government is dealing. It will be important to all of us to know just what the solution of this problem is when it is reached.

Explain

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1. How the express company is reasonably sure of being paid for carrying a package *collect* or *C.O.D.*
2. Why it is not necessary for you to know so much about the kinds and cost of express service as it is to know about postal service.
3. What you will do if you wish to send a package by express and are not sure what kind of service should be used.
4. The difference between the three classes or kinds of express service mentioned in this unit.
5. Why you do not need to consider the kinds of service when your package weighs ten pounds or less.
6. Why the general nature of the contents of an express package should be made known to the company at the time of shipment.
7. What is meant by *trucking service* and why this kind of service has caused a difficult problem for our government to solve.
8. Who pays the cost of all transportation used by businessmen.

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Words. Do you know how to spell and use them? Are you sure?

- | | | |
|-------------------|-------------|---------------|
| 1. classification | 6. modify | 10. subdivide |
| 2. competition | 7. poultry | 11. tariff |
| 3. importance | 8. solution | 12. trucking |
| 4. interfering | 9. stolen | 13. widely |
| 5. lien | | |

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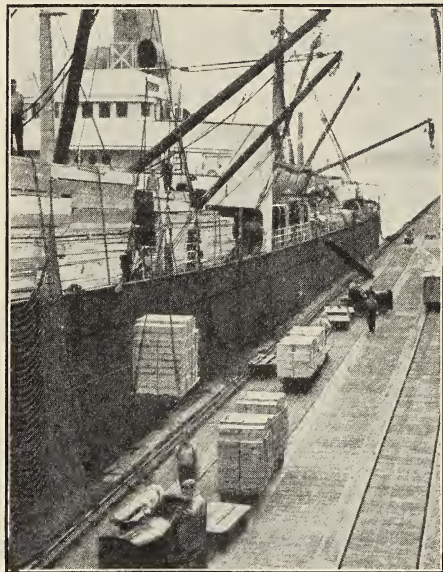
Complete the following table by inserting the proper amounts where there are question marks.

WEIGHT OF PACKAGE	VALUE OF PACKAGE	LIABILITY OF EXPRESS COMPANY UNINSURED	AMOUNT OF INSURANCE NEEDED	LOSS TO SHIPPER IF DESTROYED BUT NOT INSURED
5 Lbs.	\$ 40	?	?	?
35 Lbs.	75	?	?	?
98 Lbs.	136	?	?	?
125 Lbs.	280	?	?	?
280 Lbs.	590	?	?	?
375 Lbs.	2,850	?	?	?
490 Lbs.	1,430	?	?	?

UNIT 62

FREIGHT SERVICE AND ITS USE

Importance of This Service. — We have been learning about different transportation services. We have seen that fast service can be obtained through the use of parcel post and express. We have found that the cost of such service is



Ewing Galloway

Loading salmon on a coastwise ship at Seattle, Washington. Seattle handles half the entire salmon pack of the United States.

somewhat more than that of slower service because of the speed with which it is rendered. We also have learned that the cost of transporting things is to some extent proportionate to their size and weight. It is apparent that it would be tremendously expensive to send all kinds of merchandise either by express or by parcel post. For example, an automobile cannot be shipped by parcel post because of its size. It is too expensive to send it by express. There must be some other way in which such bulky and heavy articles can be transported at reasonable cost. Hundreds of thousands of tons of coal are shipped from Pennsylvania to various parts of the country. Bananas are brought from tropical banana farms to all parts of the country. Meat is prepared for use in the Middle West and

transported to all parts of the country. Every meal we eat includes articles which have been brought together from almost every part of the world. The great majority of things transported are too large to be sent by the means we have been discussing; hence they are sent by *freight*.

Where packages are heavy and quick delivery is not of great importance, freight service should probably be used. Freight rates are lower than those

charged for express or mail service. Freight service uses railroads, steamboats, trucks, and even horses and wagons in certain places. This service is slower, but it meets every need where speed is not an important factor and where exceptionally careful handling is not important.

Sending a Freight Shipment. — The procedure in sending a freight shipment is not very different from that which is used in sending an express package, except that freight packages must be delivered by the shipper at the freight office. There is no freight collection or delivery service in most places. However, there is a tendency at the present time for railroad companies to collect and deliver goods so as to enable them to compete with express and other services in the various communities which they serve. When this delivery service is used, it is known as *door-to-door freight service*. One who has something to ship notifies the railroad company. The shipment is called for by the railroad company's truck. At the destination the railroad company delivers the package to the consignee. This service is limited to businesses that send and receive a considerable amount of freight. It has not yet been extended to individual users to any considerable extent.

Care in Packing. — Extraordinary care should be taken in preparing packages for shipment by freight. Because of the very nature of this kind of service, freight may be handled carefully, but in ways which easily may result in damage to goods not properly packed.

Care should be taken in addressing a freight shipment, and the nature of the shipment should be indicated on the package itself. Rates for freight are determined by the nature of the thing shipped, its weight, and the distance to its destination.

There is a rule that furniture must be crated to prevent damage. Railroads ordinarily will not accept furniture unless it is crated, when there is less than a full carload lot. Furniture in carload lots may be so arranged in the car as to prevent damage, and thus crating will be unnecessary.

Any statement which will tend to prevent damage in handling is appropriate to put on the freight package. These



The modern means of carrying freight are far superior to those of early man.

warnings often are used: "Handle with care," "Breakable," "Do not use hooks in handling," "Keep this side up," "Keep dry," and "Rush."

Freight Receipt. — As in the case of express shipments, a *receipt* or *shipping contract* is given to the shipper. Those who ship regularly make out these receipts in triplicate — that is, three copies. One copy is kept by the shipper, a copy goes to the railroad, and a third one is sent to the consignee, so that he may present it as proof that he is entitled to receive the goods when they arrive at their destination. Blank forms on which these receipts may be made out are furnished by railroad companies. Carbon sheets are used in making the additional two copies. Indelible pencils are best for this purpose.

It should be remembered that this freight receipt is a contract between the shipper and the railroad company. Conditions which appear on it should be understood by the shipper, so that he will know his rights in case there is loss, damage, or any misunderstanding concerning the transaction. The individual user of freight service ordinarily will not have these blanks on hand and will not make them out himself. He will present his package at a freight office, and a clerk will fill out the necessary receipts for him to sign. All that seems necessary for the individual user of freight service to know is that the freight receipt will determine his rights in case of dispute with the transportation company. Later, if you continue with vocational education for an office position, it may be necessary to learn more about how this freight receipt is made out and used. As an individual user of freight service, you will have no need for great skill in handling this particular kind of business paper.

Notifying the Consignee. — Whenever any article is sent by any kind of transportation service, it is desirable that the consignee be notified at once that the shipment is on its way. Usually this is done by mail. If there is delay in delivery, the consignee will make inquiry at the freight office and thus facilitate tracing a lost shipment and perhaps hasten delivery of it. Usually the consignee's copy of the freight receipt will be a sufficient notification of the shipment. However, business people often write a letter at the same time. This may or may not be done, according to the circumstances of each case.

When a shipment arrives at its destination, the railroad company notifies the consignee that it has come, thus giving him an opportunity to claim it. It is the business of the consignee to call for a shipment promptly unless it is one which will be delivered by the transportation company. If goods are allowed to remain uncalled for longer than a certain length of time, a storage charge is added to the transportation charge. Furthermore, goods are held at the risk of the consignee. If they are damaged by fire or otherwise during the period they are left with the railroad company, damages cannot be obtained unless the rail-



Who stands loss if the car burns and freight is destroyed (a) As the result of being struck by lightning?
(b) Because a match is carelessly thrown inside the car?

road company has been negligent. A railroad company is held strictly accountable for loss which occurs during transportation; but after goods have arrived, are ready for delivery to the consignee, and the consignee has had an opportunity to take them away, a railroad company no longer is liable for damages not due to its carelessness.

Claim for Damages. — If packages or crates are received in a damaged condition, the freight agent should be notified of this fact at once and be given an opportunity to examine them before they are disturbed. If damage is not discovered until goods are unpacked or uncrated, the freight agent should be notified before the goods are put away. A claim for damages should be filed.

A railroad company usually is liable for loss which results from any cause other than a few excepted ones which are beyond its control. If lightning strikes a freight car and damages its contents, the railroad company is not liable. If there is a railroad strike, and goods cannot be moved for this reason, damage resulting, a railroad is not liable under its contract. If a flood washes away a carload of merchandise on a railroad, the railroad company is not liable unless it can be shown that it was careless in leaving the car in an exposed position.

This extreme liability has been placed on transportation companies, because during the period of transportation the goods are wholly within their care. The owner has nothing to do with them and therefore cannot protect them. It is the business of the transportation company to see that no harm comes to a shipment.

If damage is due to poor packing or to any other fault on the part of the shipper, a railroad company is relieved of liability. This is very important to remember, because if the shipper wishes to hold the railroad company liable for damages which occur during shipment, he must do his part to see that no damage is done. The best way to do this is to pack or crate a shipment properly, even

though the railroad company does not require any particular method of crating or packing.

Charges. — Freight is charged for in many different ways. It is not important for the average individual to know the various freight classifications. Even businessmen find it difficult, except when their merchandise is all of one kind, to know just exactly what freight rates will be charged without consulting a tariff guide. There are special rates for special services, rates for different kinds of shipments, special rates for certain territories, and special rates for longer hauls to encourage people to send by longer routes when time is not an important consideration. For example, the rate between Boston and Chicago by way of Montreal, Toronto, and Detroit may be less for a given commodity than the rate between these two points over a route going directly from Boston to Chicago. There are special rates for carload lots. Sometimes it is an advantage for two or more shippers to place their goods together and thus obtain a carload rate which would not be possible if each of their shipments should be sent by itself.

There are a number of kinds of bills of lading or freight receipts, but these are important only in business. The individual who has an occasional shipment to make will find it more convenient and satisfactory to consult a freight agent at all times when he has occasion to use any except the most ordinary type of service.

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Why

1. Do we need *freight* service when we have such excellent parcel-post and fast express services? Explain quite fully.

2. Is freight service even more important than express service from the standpoint of economic living?

3. Are railroads in some places calling at the shipper's door for a shipment and delivering it at the consignee's door? What is the name of this type of freight service?

4. Should extra care be taken in preparing a shipment for transportation by freight?

5. Do the railroads require that furniture be crated if there is less than a carload lot?

6. Not hold a freight company liable for *any* damage done to a shipment while in transit even if the damage results in part from faulty packing or crating? Would such a practice affect you or your parents in any way?

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The freight receipt

1. What is it?
2. Who makes it out?
3. Why is it desirable that the shipper have one?
4. How many copies are made?
5. How are the copies made?
6. What is done with each copy?
7. Why is it important in case of damage to the shipment?
8. How long should it be kept by the shipper?

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Can you tell

1. Six things which the shipper should do in sending a freight shipment?
Is there sometimes a seventh thing?
2. Five things the freight company or carrier should do in handling a freight shipment? Is there sometimes a sixth?
3. How the freight company will know that it is making delivery to the right person?
4. Why a consignee should take a shipment away from the carrier's warehouse as soon as he learns of its arrival?
5. What you will do if a shipment is in damaged condition at time of delivery
 - (a) If the damage can be seen readily?
 - (b) If the damage can be seen only after opening the box or crate?
6. Who is liable for damage
 - (a) Due to the carelessness of a railroad company's employee?
 - (b) Due to faulty crating?
 - (c) Due to the nature of the goods — spoiled fruit?
 - (d) Due to lightning?
 - (e) Due to flood while a car is crossing a bridge?
 - (f) Due to flood while a car is left in an exposed position on a siding near a stream?
 - (g) Due to fire of unknown origin an hour after the shipment reaches the railroad's freight house?
 - (h) Due to fire of unknown origin a week after the shipment reaches the freight house and the consignee has been notified of arrival?
7. Some things which are considered by a freight company in determining the freight rate on a shipment?

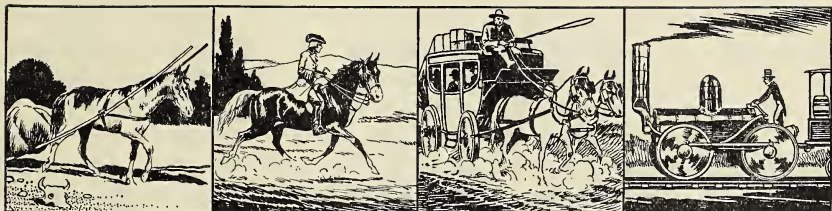
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These words may be a part of your vocabulary, but if you are not sure that they are, study them carefully.

- | | | |
|-------------------|---------------|------------------|
| 1. arrive | 8. flood | 14. relieve |
| 2. bill of lading | 9. freight | 15. remember |
| 3. bulky | 10. haul | 16. sign |
| 4. carload | 11. lightning | 17. slower |
| 5. compete | 12. negligent | 18. tremendously |
| 6. entitle | 13. railroad | 19. triplicate |
| 7. extraordinary | | |

UNIT 63

TRAVEL SERVICE: KINDS AND COSTS



A little progress is shown here; but not much compared with modern means of travel.

Development of Travel Service. — Since 1900, great changes have occurred in our country. None is more striking than that which has to do with our travel habits and customs. In times past, most people rarely traveled beyond the limits of their own city or township. Only occasional trips were made to more distant places. These had to be carefully planned in advance, as they required the use of somewhat expensive railroad passenger service. Local travel was by means of horse-drawn vehicles. This was the speediest way of going from one place to another without using electric or steam railroad trains.

We shall not have time to go into the history of the development of modern passenger service. What interests us most is the best and most economical way to use the services we now have. However, perhaps it will be worth while merely to note the rapid progress which has been made in this field of human service during the past few years.

Travel in 1840. — About 1840, a certain girl fifteen years of age left Ireland for America. She was taken to the wharf in a horse-drawn, two-wheel cart. The best means of transportation then available for one who wished to cross the Atlantic Ocean was a sailing vessel. Six weeks were required for the trip. Now ocean liners make the journey in less than five days. This girl landed in New York City, but her destination was a small town in the western part of New York State, some 300 miles away. She had little choice but to go by stage-coach to a point north of Albany, where she boarded a mule-drawn canalboat on the Erie Canal and continued her slow journey to Rochester. There she

transferred to another boat on a waterway which was the only route to the village to which she was going. For this journey from Ireland to Avon, N. Y., about eight or nine weeks were required. The same journey today would take less than six days by fast transatlantic liner and airplane service.

This woman lived to see many new means of transportation in common use between New York City and her western New York village, but for some time the waterway was the most important one.

Rapid Changes. — Stagecoaches were run from village to village, and one could make a rather long journey by this means. For example, very early stagecoach connections were maintained along a route from Albany to Buffalo. By changing from one coach to another at frequent intervals, and perhaps stopping overnight at many places, it was possible to make a rather long journey by this means.

Later a railroad was built from New York to points west of that city. Then one could choose among rail, water, and stagecoach transportation. At a later date, electric interurban railways were operated between cities along this route, thus providing a fourth means of transportation, although one which was not regularly used for through transportation.

With the coming of the automobile, good roads were built through New York State, and local bus lines began to operate. It was not long before through bus lines were maintained for travel between New York and Buffalo.

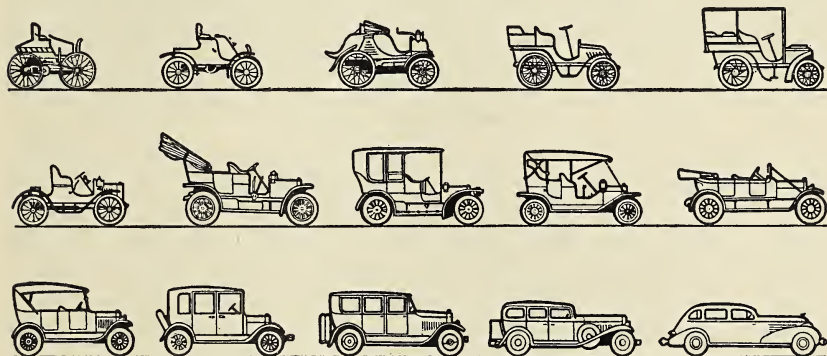
Still more recently, air lines have been established between New York and Buffalo. It is now possible to cover in a few hours the route which was traveled by the little Irish girl in about two weeks.

As new kinds of passenger service have come into use, older ones have been abandoned. The pedestrian and horseback rider who followed the early trails gave up walking and riding when roads for horse-drawn vehicles came into common use. Stagecoaches were crowded out by canalboats on which continuous journeys could be made without overnight stops. Passenger travel on canals ceased when railroads began to carry people to their destinations more rapidly and comfortably.

Electric trolleys for short distances became popular near the end of the past century and continued to attract many passengers until recently, when bus lines caused many of them to disappear. Long-distance bus lines are competing with railroads for those who travel over long routes. Railroads are meeting this competition by organizing bus lines, using new types of cars, and adopting a speedier schedule of trains.

Very recently the airplane has reached a point in its development where it makes a bid for some of the long-distance passenger travel. Thus we have railroads, bus service, and airplane travel service from which to choose.

Private Automobile. — Private automobiles undoubtedly carry more people more miles than do railroads, busses, and airplanes combined. It should be said, however, that many of the trips made in private automobiles would not be made if railroad, airplanes, or even busses had to be used. People travel much more when they have their own means of transportation than they would if they had to buy transportation service at the usual rates for each trip. More will be said on this subject of travel cost later in this unit of instruction.



From "horseless carriage" to the 1936 model.

The extent to which privately owned automobiles are in use can be seen from the fact that in many states there are enough automobiles to carry the entire state's population. If every man, woman, and child in many of these states desired to travel at the same time, there are enough privately owned automobiles to accommodate them without much crowding. Because of the economic depression of the last few years, there are fewer privately owned automobiles in operation than there would have been had business continued to prosper. However, with the return of economic prosperity, it seems reasonable to believe that there will be enough automobiles in the country to carry all the people of the entire country at one time. It would require only 25,000,000 automobiles to accomplish this purpose, since there are about 127,000,000 people in the United States. This gives some idea of the extent to which private automobiles are used for transportation purposes.

Cost of Travel Service. — Travel costs money. We are interested in economic living and anything which affects it. Therefore, we shall study the transportation of passengers from the point of view of economic living. Everyone travels more or less. Few people can avoid making occasional journeys of some length. As has been shown, a number of means of transportation are

available to us. When we have traveling to do, we should choose the means of transportation best suited to our purposes. Things to consider in this connection are: (1) the cost, (2) the speed, (3) the comfort, and (4) the convenience.

It should be remembered that transportation service is like any other commodity. We should be willing to pay for the kind and quality we need, but we should be unwilling to pay more than is necessary for a service which will meet our requirements. We must learn to decide wisely when it is best to travel by bus, when it is best to travel by railroad train, by airplane, or by means of our own privately owned cars. There are times when *speed* of transportation is very important, but there are other times when this factor is of little benefit in making a journey. Under certain conditions, *comfort* is very important, and we must be willing to pay for it if we wish to have it. We all like services that are convenient. We prefer a bus that passes our door to a steam train that must be taken at a station somewhat remote from our homes. As a people we are very much in a hurry, often for no good reason. We drive faster than we should to get to places more quickly than we need to reach them. We pay high rates for airplane travel, because it consumes less time, when, as a matter of fact, we have plenty of time to make the journey by slower means of transportation. We demand and are willing to pay for Pullman car comfort, although a less expensive mode of travel would meet our every requirement.

Nothing in what has just been said should be understood to mean that no one should use the most comfortable service, or the most rapid service, or the most convenient service to be had. There are times when speed, comfort, and convenience are of great importance. Those who can afford to pay for comfort or speed beyond their actual requirements may be encouraged to do so, but those whose incomes are such as to necessitate great care in their expenditure should not be too ready to pay for travel services which cost more than they can afford.

There can be no doubt about the fact that there is a need for railroad, bus, airplane, and private automobile transportation service. The important thing, however, is to remember that each of these types of service has its place in our transportation system. Each should be used when it is the best means for our purposes. The *cost* of travel always should be kept in mind by those who do not have unlimited financial resources. That means most of us. To purchase more expensive, more rapid, more comfortable, more convenient passenger service than is required is one form of waste; but on the other hand, to purchase less rapid, less comfortable, and less convenient service than is required is equally wasteful. Sound economic judgment must be developed with respect to this matter. It is not too early for boys and girls of high-school age to think of this

matter of transportation carefully. It will help them to a better understanding of the requirements of economic living.

Transportation to School. — Let us consider the cost of transportation between home and school. One may walk, ride a bicycle, use the school bus, travel in a regular city bus, or use the family or personal automobile. That many boys and girls use the latter means of transportation is shown by the number of cars parked in the vicinity of almost any city high school.

Walking to school may be impracticable, because it consumes too much time for those who live at considerable distances from school. Some means of transportation may be necessary, but it costs money, and someone has to pay for it. The cost must come out of the family budget, or it must come out of the pupil's budget.

Bicycle. — A bicycle would seem to be the least expensive of the methods mentioned, but even this costs something. The original cost may be \$35. An additional cost of \$10 a year may be required for repairs and upkeep. At the end of five years, a new bicycle may be necessary. Since the original cost was \$35, depreciation is at the rate of \$7 a year. Interest on the \$35 invested in the wheel for one year at 6% amounts to \$2.10. Adding the \$10, \$7, and \$2.10 together gives an annual cost of \$19.10. With the school year assumed to be nine and a half months, it is found that the cost of transportation by this means each month is approximately \$2. It may be more or less, according to the care which is given to the bicycle, the amount which is paid for it in the beginning, and the length of time which it is made to serve. Thus it will be seen that the boy or girl who uses this means of transportation can do much to lessen its cost. The thing to remember is that however careful one may be in the use of this transportation device, it costs something. This cost must be considered in any plan for economic living both by the pupil and by his parents.

School Bus. — If a school bus is used and paid for out of tax money by the city or town government, the cost of transportation in this way is likely to be underestimated. A school district in the country may pay as much as \$1,800 a year for transportation of its pupils to a central school. Only twenty pupils may be transported each day. Thus the cost of transporting each pupil is \$90 a year. This is nearly \$10 for each school month. This expense must be met out of tax money, and all people living in the district must pay a share of it, either directly or indirectly. Thus it will be seen that when the school bus method of transportation is used, transportation is by no means *free*.

Streetcar and Automobile. — If a city streetcar or bus service is used, the cost will be approximately \$4 a month per pupil, if the fare is ten cents each way, and the bus or streetcar is used in both directions. This is a considerable



Getting to and from school costs money, however you go, but some travel cheaper than others. How about you?

item. It is the interest on how much money at 5%? If some member of the family takes a boy or girl to school and comes after him or her at the close of the day, the cost undoubtedly will be quite as much, if not more. A cheap secondhand automobile costing only \$300 might be used for this purpose. Such a car probably would have to be replaced at the end of not more than four years. Hence, the cost for each year of the four years would be approximately \$50, assuming that \$100 would be obtained for the old car in exchange for a new one. To this \$50 a year must be added the cost of gasoline, oil, tires, upkeep, etc., all of which would vary according to the distance covered and the driving methods of the operator. This does not take into account the time of the member of the family who does the driving where the family car is used instead of the personal car.

The whole point of this discussion is that transportation costs money; that in transporting boys and girls to school the most appropriate method should be used, having in mind sound principles of economic living. No boy or girl should insist upon a means of transportation more expensive than his family can afford. No matter what kind of transportation is used by other pupils, each pupil should be content with the means best suited to his economic status. It may be best to walk although time is consumed in doing so. At any rate, neither comfort nor convenience alone should be considered, and speed should not be a great factor. The time of boys and girls is rarely so important as to require the greatest speed in transporting them from home to school and back at the close of the day.

The thing that is most important about this whole matter is the need for developing the habit of considering the cost of services used as early in life as possible. Thrifty habits formed early will prove to be of great benefit in the years ahead. Those who start for school late need a speedy method of trans-

portation, but why start for school late? Those who do not plan the use of their time in accordance with budget suggestions already made will find speedy, but too expensive, transportation necessary for their purposes. Adopting and following a time schedule will go far toward saving much money in the use of transportation services all through life.

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How we travel

1. What methods of travel .
 - (a) Were used by your grandparents when they were your age?
 - (b) Have been added since the year 1900?
2. List in the order of their first use all the methods of travel which you can recall, starting with walking trails.
3. Why does a much-used means of travel tend to be abandoned when a new means is made possible? Illustrate your answer.
4. What new methods have become more popular and which less popular since you can remember?
5. Do you know how the railroads are trying to hold their passenger business?
6. What are the railroads' chief competitors?

357

Cost of travel

1. Can you think of any method of travel that does not cost money? Think carefully.
2. In what ways does travel by the family automobile cost money? List as many items of cost as you can. Do not overlook any. You should include *at least* seven.
3. When deciding by what means to make a trip, one should consider what four things? Is any one of them always most important?
4. New railroad rates require that those who ride in Pullman cars pay \$.03 a mile for their railroad tickets and that those who ride in ordinary day coaches pay \$.02 a mile for the same trip. From the standpoint of economic living, how should travelers look upon this change?
5. On certain extra-fast trains between important points — New York and Chicago for example — an extra charge is made for this fast time. Is it worth an extra fare? Explain your answer.
6. "I ride my bicycle to school and save bus fare." Discuss this statement. Is the bus fare saved? All of it? Part of it?

7. "It doesn't cost my dad anything to take me to school. I go on the *school bus*." What do you think about this statement if

- (a) The speaker's father owns property?
- (b) The speaker's father owns no property?

358

Keep your vocabulary growing. An officer in a large eastern college says that boys and girls with good vocabularies do the best work in college.

- | | | |
|-------------------------|-------------------------|--------------------------|
| 1. <i>abandon</i> | 8. <i>interurban</i> | 15. <i>township</i> |
| 2. <i>accommodate</i> | 9. <i>liner</i> | 16. <i>transatlantic</i> |
| 3. <i>century</i> | 10. <i>necessitate</i> | 17. <i>travel</i> |
| 4. <i>continuous</i> | 11. <i>passenger</i> | 18. <i>undoubtedly</i> |
| 5. <i>disappear</i> | 12. <i>proper</i> | 19. <i>vehicle</i> |
| 6. <i>frequent</i> | 13. <i>requirements</i> | 20. <i>vicinity</i> |
| 7. <i>impracticable</i> | 14. <i>speediest</i> | 21. <i>waterway</i> |

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1. How many automobiles, each carrying an average of four people, would be required to transport all the people in the United States?

2. Find out how many automobiles are now in use in the United States. What per cent of increase would be required to transport all our people?

3. The following table shows various means of transportation between Boston and New York.

KIND OF TRANSPORTATION	ONE-WAY FARE	ROUND-TRIP FARE	PULLMAN SEAT ONE- WAY	BERTH ONE-WAY
1. Bus — Line 1	\$ 3 25	\$ 5 85	—	—
2. Bus — Line 2	3 50	6 30	—	—
3. Railroad — Train 1 Day Coach .	4 60	9 20	—	—
4. Railroad — Train 2 Pullman . .	6 90	13 80	\$1 00	—
5. Airplane	13 90	25 00	—	—
6. Steamboat — Via Fall River . .	4 50	7 50	—	2 00
7. Steamboat — Via Cape Cod Canal	5 00	8 50	—	3 00

- (a) What is the total cost of each kind of service for a round trip?
- (b) What is saved, if anything, in each case by buying a round-trip ticket? What per cent?

- (c) Which means of transportation is the cheapest?
- (d) Why do some people select one means while other people choose a different means of travel?
- (e) Why do not the companies operating these different ways of travel charge the same price for their respective services?
- (f) How much more does it cost to ride to New York in a Pullman car than it does to go by day coach? What per cent more?

4. What will be the approximate cost of a trip from Boston to New York by automobile if the road mileage is 235 miles, the car averages fifteen miles to the gallon of gasoline, gasoline costs \$.16 a gallon, one quart of oil is used at \$1.20 a gallon, and tire wear amounts to \$.001 a mile?

If two people make the trip and share the expense, what will be the cost to each?

5. Before railroads and steamboats were built, it required six days of twenty-four hours each to travel from Philadelphia to Pittsburgh by stagecoach.

- (a) In 1851 it required two days or forty-eight hours to travel over the same route by train and boat. How much time was saved? What per cent faster was this method of travel than the first one?
- (b) By 1920 this trip could be made in nine hours by train. How much faster was this than the train-and-boat trip?
- (c) By 1935 this trip could be made in about two hours. By what means? How much time was saved over each of the other three modes of travel?
- (d) Should one always use the fastest means of travel for such trips? Explain.

6. Mr. Watson owns an automobile which cost him \$2,000. He has been told that it requires about \$60 a month to run such a car 7,500 miles the first year. He gives you the following items of expense and asks you to tell him what it actually does cost:

Tax	\$ 37.50
Registration	6.00
Gasoline	75.00
Oil	7.50
Insurance	150 00
Repairs	35.00
Interest on cost	6%
Depreciation	550.00

- (a) What per cent of the total cost is each item?
- (b) If the car is used five years and is then sold or traded in for \$250, what is the total depreciation?
- (c) What is the average yearly depreciation?
- (d) What is the largest item of expense in owning and operating an automobile?

UNIT 64

RAILROAD TRAVEL SERVICE

Kinds of Services. — All railroads maintain certain offices, or services, for the accommodation of the traveling public. Much valuable time and considerable annoyance can be saved by knowing which service will give you what you want, and just how to use it. When you are in your local railroad station, observe the location of each service and just how people make use of each one. You will note that many persons fail to get prompt service, because they are not sufficiently familiar with the different services to be used. Occasionally the fault lies with the employee who is rendering the service, but more often it lies with the traveler. At certain times, a railroad station is crowded with people. At such times, those who serve at the various service desks are so rushed as to make it difficult for them to meet all demands. Under such conditions, travelers who are ignorant of proper procedures fail to get the service they desire. As a result, wrong routes are chosen, and wrong trains are taken; and all this because the wrong question is asked, or the right question is asked in the wrong way or in the wrong place.

We now proceed to consider the more common services which are rendered in railroad stations. Sometimes these services are given by a single office and sometimes by separate offices. In large stations, there may be many service windows or desks, while in small stations there may be but one.

It must be remembered that all of the services maintained by a transportation company cost money and that these services for the most part are made necessary in the interest of economic travel. Anything which a traveler does to increase the cost of these services leads to increased cost of transportation for himself and others. If all travelers would procure and use timetables for the information they need, the information service would be less busy at the railroad stations. This would lessen the cost of transportation. If no traveler wishes to check baggage at the station, the checkroom will be unnecessary. This will reduce the cost of transportation. The point of this discussion is that each service is provided at some expense, and the cost of it is included in the cost of transportation. Co-operation on the part of the traveler in making these various services as inexpensive as possible should have a tendency to keep costs of transportation down. Some people seem to think that these services

are free and, therefore, that they may be used without any thought for their cost. All are paid for out of the money spent for tickets or for other transportation facilities.

Information Service. — The information desk usually is placed as near as possible to the station entrance and the ticket office, so as to make it convenient for travelers to get definite information regarding routes, trains, connections, etc., before approaching the ticket window. This is to benefit the traveler as well as the railroad official. The ticket seller has all he can attend to in his department without looking up travel information for travelers in the ticket-window line. It is annoying to be in such a line, waiting to buy a ticket for use on a train nearly ready to depart, and find that each one ahead of you asks a number of questions about routes, connecting points, trains, or cost of tickets over different routes, in addition to buying a ticket for his destination. It is to avoid just this thing that information bureaus are established. Travelers should use them to get the travel information they desire.

It should be remembered that travel information about all train service and connecting services in the United States and Canada can be obtained at almost any railroad information bureau. It also should be remembered that there is an *official railroad guidebook* for the railways of this country and Canada. For short trips, or trips between relatively distant but important points, the information desk attendant can give the information required offhand. For longer trips, or for trips to less important points on connecting railroads, timetables must be consulted. Time for this purpose should be allowed. At the information desk, you will find a large railroad guidebook containing timetables for all important railroads in the country. You also will find separate timetables for the road on which you are traveling and other railroads with which it has connections. These timetables are for free distribution. The information clerk will be glad to indicate your route on the timetable he gives you. You, however, should be able to find it yourself and mark it for reference to save time at the information desk when the clerk is very busy.

The following are the more important items of information to be found at the information desk:

- (1) Best route to use where there is a choice;
- (2) Time of departure and arrival of trains — trains are numbered, and you will get much better service if you will ask for train information by giving the exact number of the train as given in the timetable;
- (3) Whether or not trains are on time — this information can be had a reasonable time before the exact time of expected arrival of trains; and
- (4) Whether or not a train carries a dining car, chair car, or sleeping car.

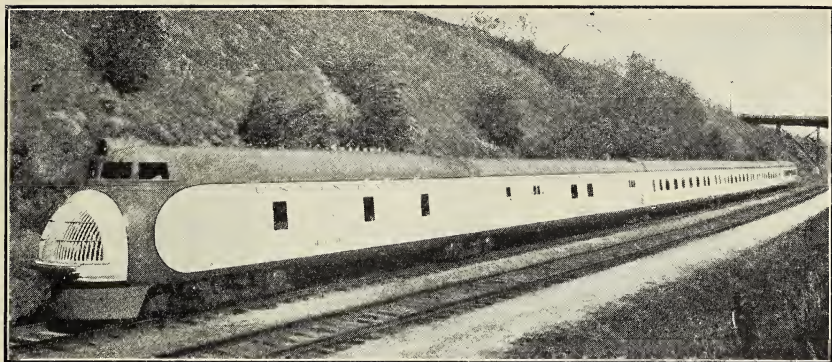
A timetable is shown on page 584. You should become familiar with the information contained in such a timetable and learn how to use it in planning a journey. At the conclusion of this unit of instruction, there are a number of problems which require the use of the timetable shown. A little practice will enable you to plan a journey without much help from the railroad information bureau.

Ticket Service. — A ticket office is maintained in every railroad station. Also in larger cities, additional ticket offices are located at convenient places other than the railroad station. In the largest cities, there is a central ticket office where tickets may be purchased for any railroad running through that city. This is a convenience, as it enables people to buy tickets in advance without going to the railroad station for this purpose. These general or *consolidated* railroad ticket offices are located in convenient places in the business districts. Large hotels also contain ticket offices for the convenience of their guests.

Buying a Ticket. — When buying a ticket, be sure to speak plainly, so that there can be no mistake. Examine your ticket carefully to be sure that it is just what you asked for. Before approaching the ticket window, be sure that you know just what route is best for you to take where there is a choice of connecting lines. Get this information at the information desk. When you ask for your ticket to a place on a connecting line, tell plainly what connecting line



One of the Pennsylvania Railroad's new high-speed streamlined electric locomotives alongside a steam-driven engine. The Pennsylvania's new giant electric locomotive, designed especially for the road's high-speed service between New York, Philadelphia, Baltimore, and Washington, will make a regular operating speed of 90 miles an hour.



Railroads have made important changes to meet new conditions and increased competition. Speed and safety are important factors in transportation. A new kind of passenger train travels at a speed of nearly two miles a minute. Such trains are Diesel-engined, streamlined, and comparatively light in weight. On May 26, 1934 such a train established a new non-stop world's record in running 1015 miles in 785 minutes, from Denver to Chicago, for the reopening of the Century of Progress Exposition. Various streamline trains are now in actual service and more are being built.

you wish to use, so that there can be no mistake. Be sure your change is correct before leaving the window.

Mileage Books. — Mileage books may be purchased if one does much traveling on a single railroad. A mileage book is a convenience, because it saves the trouble of buying a ticket every time a trip is taken. When this book is used, the conductor on the train tears out as many coupons as are required to make the amount of fare to the traveler's destination, and returns the book. In using these mileage books, the conductor should be asked what the fare is, and it should be made sure that the right amount is torn off before the conductor passes out of reach. Mistakes are corrected more easily when they happen than they are later.

Some people prefer to present their mileage books at the ticket window and have the proper amount torn off by the ticket agent in exchange for a regular ticket. This gives the traveler an opportunity to see that the right amount is taken off under more favorable circumstances than is the case on the train, where the conductor hurries off after taking his coupons. It is common practice, however, to use the mileage book on the train.

Trip or Monthly Tickets. — *Commutation tickets* or books are sold by railroads to those who commute from their homes to their places of business in cities or towns. Students frequently use these commutation tickets when traveling back and forth from school or college.

It should be remembered that excursion tickets, and sometimes commutation tickets, are good only on certain trains. In buying such tickets, travelers must

be sure that they are good on the trains they wish to use. Frequently a person buys an excursion ticket, expecting to make his journey on a certain train which will take him to his destination at the desired time, only to find that his reduced-rate ticket is not good on that train. If he has boarded the train and the train is under way, he will be required to pay the additional fare which this train requires. All such mistakes can be avoided by care on the part of the traveler.

Stopovers. — Most through railroad tickets provide for *stopover privileges* at important places on the way. However, the traveler must be sure just what procedure he is to follow in taking advantage of this privilege. Usually he must deposit his ticket at the station where he desires to stay for a while and reclaim it when he is ready to resume his journey. At least, he must have his ticket stamped by the ticket agent at the stopover place to indicate that he has made the stopover for which it provides.

Cash Fare. — If a traveler is late in reaching the station and does not have time to purchase a ticket, he may board the train and pay his fare in cash. It is customary to charge such passengers more for cash fare than would be required for a ticket. However, in such cases a receipt is given to the traveler, and this may be redeemed at the ticket office of the railroad for the amount of the additional fare paid. The purpose of this excess cash fare charge is to discourage people from boarding trains without tickets, as it takes an unnecessary amount of the conductor's time to collect the fare, make change, etc.

Lost Railroad Tickets. — Tickets, if lost, can be used by the finder. Carelessness in their handling may lead to financial loss. It always causes inconvenience. If you should lose your railroad ticket before boarding your train, notify the company and buy another ticket. If you lose a ticket after boarding the train, notify the conductor and pay your fare again. A lost ticket, if found, may be turned in for a refund of the amount paid. Ordinarily travelers do not have any way of identifying a lost railroad ticket, but it is not fair to make the railroad stand a loss which is due to one's own carelessness. If a ticket is a valuable one, make a note of its number and other identification marks, so that you can stop a dishonest finder from redeeming it by notifying the railroad company of your loss.

If you do not use a ticket after purchasing it, you may return it to the ticket agent from whom it was bought and have your money refunded.

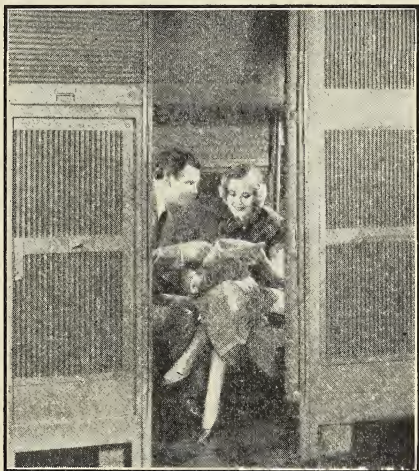
Pullman Ticket Service. — In some stations, railroad tickets and Pullman tickets are purchased at the same window. In others, there is a special Pullman ticket office. When you desire a sleeping-car berth, a parlor-car chair, or a stateroom, you will buy such accommodations at a special price in addition

to the cost of your railroad tickets. Pullman cars are owned and operated by a separate company called the *Pullman Company*. The railroad is paid a certain amount for drawing these cars and therefore does not add this charge to the cost of the railroad ticket.

It is a good plan to order Pullman accommodations in advance, since the number of chairs or berths usually is limited, and the demand for them at times is great. It is customary to telephone for Pullman reservations. However, when this is done, it is necessary for the traveler to call at the Pullman office or at the regular ticket office to obtain his ticket. This ticket must be called for at least an hour before the departure of the train. If a Pullman ticket is not called for within an hour before traintime, it will be sold to someone else unless there is a special arrangement to hold it longer for the purchaser.

It should be remembered that Pullman service costs extra and that it can be done without if economic considerations make this desirable. For those of limited means, it is a luxury and should be treated as such. It must be remembered, however, that luxuries are permissible when people can afford to have them. The same principles of economy apply in the purchase of Pullman or other transportation service as apply in the purchase of any other commodity. One should not be wasteful; one should not be miserly; one should not be extravagant.

Unused Pullman Tickets. — If you decide not to use a Pullman ticket you have purchased, you may return it and have your money refunded. If you do not return it at least an hour before the leaving time of the train for which it was purchased, you cannot get a refund on it. If you turn it in late, however, the company will make a refund if their record shows that the chair or berth sold to you was sold to someone else on the train.



Every section of the new Pullman cars built for the Union Pacific streamline train can be quickly converted into a small compartment by closing automatic sliding aluminum panels. Every berth, both upper and lower, on these ultramodern sleepers has its individual washstand. These are among the dozen innovations featured by the new cars which were shown with the Union Pacific exhibit at A Century of Progress in Chicago, preliminary to the inauguration of regular transcontinental service.

If you are making a trip which requires transfer to another train at some intermediate point, it is important to know that the train you are using will make connections at that point with the train you wish to use beyond there. It is desirable to be certain whether or not the second train will wait for the train you are on. If it does not ordinarily do so, it is necessary to telegraph a request that it be held for you. Ask the conductor if this may be done. A great saving of time may be effected in this way.

Baggage Service. — Railroads carry personal baggage for travelers. For this purpose, baggage cars are provided on nearly all trains. At stations, there is a baggage room for the convenience of travelers who wish to send their baggage in the baggage car. At large stations, there are an *outgoing* baggage window or desk and an *incoming* baggage window or desk. When you wish to check your baggage, take it to the proper place and present it with your ticket. It will be checked through to your destination. The agent will give you a baggage check which is to be surrendered when you claim your baggage at its destination. This check is nearly as valuable as your ticket. It can be put away, however, in your pocket or pocketbook, as it will not be needed until you arrive at your destination. To claim your baggage, present your check at the incoming baggage window. To avoid delay in getting your baggage at your destination, send it, if possible, by an earlier train.

Examine all baggage before accepting it, to see that it has not been unnecessarily damaged in transit. If it has been damaged unduly, call attention to this fact and file a claim for the actual damage sustained.

Liability for Loss of Baggage. — Remember that a railroad company is not liable for more than \$100, the amount stated on your ticket, unless you have insured your baggage for a larger amount. An insurance charge of ten cents is made for each \$100 above the amount stated. You also should remember that you may not claim damages for loss of money, jewelry, and other valuables unless you have told the transportation company that such property is contained in your baggage and have paid such charges as may be made for its safe delivery at your destination.

Do not put a higher valuation on your baggage than it is worth. Not only is this dishonest, but it is useless to do so. You can get insurance only to the extent of your actual loss, regardless of the valuation stated and paid for. Travelers who check their baggage are required to sign a form such as is shown in Illustration 85. Look at it carefully to see what it contains, so that you will be able to sign it intelligently.

Your name and address, plainly marked on each piece of baggage, saves much trouble and possible loss.

No direct charge is made for baggage-checking service. However, this service is included in the cost of your ticket. Any neglect or failure on your part to co-operate with the railroad company may increase the cost of your travel expense. All rules and regulations should be complied with.

Some fast trains do not carry baggage. It takes time to put baggage through the baggage room and out onto the platform where it can be placed in the baggage car. Time must be allowed for this purpose, if baggage is to accompany the traveler on the same train.

In cities, there are baggage transfer companies that will call for baggage and attend to its checking, thus saving the traveler much trouble.

Parcel-Checking Service.

—This service is maintained for the convenience of travelers who wish to be temporarily relieved of handbags, rubbers, umbrellas, etc., at a station. A charge of ten cents for every twenty-four hours is made for each article checked. You must pay this charge in advance, to avoid delay in taking baggage out when you come for it. You will receive a claim check for each article. Without this check, you will have trouble in reclaiming your property. If this check is lost, you will be called upon to prove that the parcel is your property and to pay an extra charge for causing the parcel clerks some inconvenience. As in the case of your baggage check, place your parcel check where it will not be lost but will be readily available when you want it.

Limit of Weight. — The limit of weight of baggage which may be transported on a single ticket is 150 lbs. If a traveler has baggage in excess of this weight, and only one ticket, he will be required to pay a charge for *excess baggage*. The usual limit of weight which may be carried as baggage is 250 lbs. Railroad companies ordinarily will not carry as baggage articles valued at more than \$2,500, although, if the traveler is willing to pay for the additional risk involved, such valuable packages or pieces of baggage will be carried as insured express.

Storage Charge. — There will be a storage charge if baggage is left in the baggage room for an unreasonable time. This usually is in excess of twenty-four hours, excluding Sundays and holidays.

Form 1923-4	
THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY NEW ENGLAND STEAMSHIP COMPANY	
Station BACK BAY, MASS.	(Date) <u>Nov. 19, 19--</u>
VALUATION OF BAGGAGE	
The property covered by checks	
numbered <u>2897 and 2898</u>	
is valued at not exceeding \$ <u>2.50</u>	
and in case of loss of or damage to such property, claim will not be made for a greater amount.	
Number of Passengers <u>1</u>	
(Signed) <u>George Randall</u>	Shipper.
Address (Street and Number) <u>381 Cullver St.</u>	
(City and State) <u>Boston, Mass.</u>	
CHARGE—10c per \$100.00 or fraction thereof, over free allowance.	

ILLUSTRATION 85. BAGGAGE VALUATION FORM

If baggage does not arrive at its destination promptly, the owner should put in a claim for it and have it traced. Very few pieces of baggage are lost.

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Can you tell

1. Why people sometimes take the wrong train?
2. What the railroad company does to prevent mistakes?
3. How the cost of railroad service can be reduced if all people who use it do certain things?
 4. Where to get information about train service at a station
 - (a) In large cities?
 - (b) In smaller places?
 5. How to find out when a train leaves from or arrives at a certain place without asking a railroad employee?
 6. How to plan a journey which will require you to travel over several railroad lines?
 7. Where to ask if a train you are meeting is on time?
 8. Where railroad tickets may be purchased
 - (a) In small cities or towns?
 - (b) In large cities?
 9. Why you should count your change *at* the ticket window instead of after leaving it? Is this true of all situations where change is received?
 10. What a *mileage book* is and how it is used?
 11. Why a mileage book is especially useful to those who travel much by train?
 12. Why special excursion tickets should be used whenever possible?
 13. What a commutation ticket is, how it is used, and why it is desirable for some people?
 14. What to do if you wish to stay for a while at a city on the way to your destination by train? Tell just what is required of you in this case.
 15. What to do if you are late at the station and do not have time to buy a ticket before the train arrives?
 16. Why you should buy a ticket whenever possible instead of paying cash fare?
 17. What to do if you lose your railroad ticket
 - (a) Before boarding your train?
 - (b) After you are on the train and it has left the station?
 18. What to do to make sure that you can identify a lost railroad ticket if it is found?

19. What to do if, after purchasing a railroad ticket, you decide not to make the trip?

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Write a brief essay about Pullman service. Tell what it is, who should use it, why it should be used by some people for some trips and not by others for the same trips, what it costs, etc. Do not overlook any item that is discussed in this unit or that you can easily find out about. Keep in mind the requirements of economic living as you think about this matter.

Baggage**362**

1. What is properly called baggage?
2. Is all of the traveler's baggage carried in the same place?
3. What services are furnished by transportation companies in connection with baggage?
4. Give the necessary steps to take in checking your baggage when making a railroad trip.
5. Explain how you would regain possession of your baggage at your destination.
6. Does the railroad carry your baggage free in any case? Think carefully.
7. What should a traveler do to make sure that his baggage is on hand when he arrives at his destination?
8. What should you be sure to do at the time your baggage is delivered again into your hands? Why?
9. What should you do if your baggage has been damaged by railroad employees?
10. What should you do if your baggage is very valuable? Why?
11. A dishonest man placed a valuation of \$500 on his baggage and insured it for that amount, when in fact it was worth only \$100. In case of loss, how much could he recover?
12. What should you do with *parcel checks*, *baggage checks*, and *tickets* to prevent loss?
13. How much baggage by weight can be carried on one ticket without extra cost? How many pounds may one passenger carry on trains?
14. Is there any limit to the value of baggage which a passenger may carry?
15. Under what circumstances do railroads charge *storage* on baggage left at the station?

1. Here are some questions about the timetable on page 584 which should be answered before you undertake to solve the problems which follow in 2.

- (a) What is meant by "Eastern" and "Central" Standard Time?
- (b) At what points does Eastern time change to Central time in this timetable?
- (c) What is meant by the numbers at the top of each column?
- (d) How do you tell at a glance that time of arrival or departure is *forenoon* or *afternoon*? What other way can you tell?
- (e) What does "Cent. Term." mean when it appears next to the name of a city?
- (f) What do "Ar" and "Lv" mean?

2. If you leave New York on train 59, at what time should you arrive in
(a) Harmon? (b) Rochester? (c) Cleveland?

3. If you continue to Cincinnati,

- (a) At what time shall you leave Cleveland?
- (b) How much time shall you have in Cleveland?
- (c) When should you arrive in Cincinnati?

4. On the above trip from New York to Cleveland, how many hours and minutes should you be riding?

5. How much time does it actually take to go from New York to Cincinnati by this train out of New York?

6. What is the fastest trip between New York and St. Louis by this timetable? The slowest?

7. How much time is saved by taking the fastest train instead of the slowest? What per cent of the slowest time is saved?

8. A businessman in New York wishes to leave New York and arrive in St. Louis at the most convenient time, having in mind the saving of business hours for work. Which train would he take? By what train would he return home?

9. How long does it take to travel from Boston to Dayton, Ohio, on the train leaving at 12 o'clock noon?

10. How many hours of actual travel does it take to go from Worcester, Mass., to Peoria, Ill., on the train leaving at 12:32 A.M.?

11. Compute the actual running time for train 51 between Springfield, Mass., and Marion, Ohio.

365

1. If, to occupy a drawing room alone between New York and Indianapolis one must pay \$15, what per cent more will a drawing room cost than a lower berth at \$6?

2. Four men are traveling from Boston to St. Louis. They may use a drawing room at \$28, or two sections at \$12.80 each. Which plan costs less? What per cent less?

3. Prepare a table like the following and put the correct answers in the column at the right.

BETWEEN NEW YORK AND CITIES BELOW	RAILROAD FARES		PARLOR- CAR SEAT	PER CENT MORE TO RIDE IN PAR- LOR CAR	
	1st Class	Coach			
Albany, N. Y.	4 30	2 85	75		
Ashtabula, Ohio	16 95	11 30	2 50		
Cleveland, Ohio	17 15	11 45	2 50		
Lake Placid, N. Y.	11 40	7 60	1 90		
Montreal, Que.	12 05	8 45	2 00		
Toledo, Ohio	20 35	13 55	3 00		
Toronto, Ont.	15 70	11 20	2 50		

On June 1, 1936, railroads reduced their fares. Pullman fares were also reduced. Two classes of service are provided at different rates. Coach fare is \$.02 a mile, and Pullman fare (now called "First Class") is \$.03. There is a further charge for berth, seat, etc., in a Pullman car. These rates are subject to change from time to time.

366

1. The one-way fare in coach between Boston, Mass., and Niagara Falls, N. Y., is \$10.45. A round-trip costs twice as much. The first-class fare is \$15.65.

- What is the difference between coach and first-class fares?
- If one wishes to be at Niagara Falls only one day and can go on a special *excursion* at a cost of \$10, how much can be saved in this way?
- If a Pullman lower berth one way is \$3, and this service is used both ways with the first-class fare above, how much will be added to the cost of transportation? What per cent of increase will there be?
- If a Pullman upper berth one way costs \$2.40, and a berth is taken each way in making the trip by special excursion, how much will be added to the cost? What per cent?
- If a lower berth costs \$3 and an upper berth costs \$2.40, what per cent more will it cost for the lower than for the upper?

- (f) "It costs only \$4.20 (night occupancy) for a *section*, both upper and lower, so why not have more air space?" What per cent more is this than the cost of a lower only? Of an upper only? Are these savings worth while? For whom?

2. Mr. Flint lives in Newton, Mass., and goes to business in Boston by train every day. The regular one-way fare is \$.20. He makes an average of twenty-four round trips each month. A commutation ticket, good for sixty one-way trips, costs him \$6.81.

- (a) What does each of the trips cost?
- (b) How much is saved by using the commutation ticket?
- (c) How many one-way trips does Mr. Flint use?
- (d) How many such trips does he not use? Why can he afford to pay for these and not use them?
- (e) If he can buy a twelve-trip ticket for \$1.84, will this be better than the monthly sixty-trip ticket, since he makes only forty-eight trips?
- (f) If the twelve-trip ticket can be used by anyone, and the sixty-trip ticket can be used by Mr. Flint only, which may be better? Why?

3. While on a certain railway journey, you carry baggage valued at \$350. It is not insured.

- (a) In case it is lost, how much can you claim from the company?
- (b) If \$250 of this \$350 had been in the form of money which you were carrying in a suitcase, how much would you be able to recover from the company if you had not mentioned the money in checking your baggage?
- (c) If you had insured your baggage in (b) above for \$350, how much could you recover?
- (d) What would insurance on \$350 worth of baggage cost?

4. A certain woman traveled from Washington, D. C., to Rochester, N. Y., with \$50,000 in her trunk, which she checked.

- (a) Was this wise?
- (b) What risk did she take?
- (c) Would the railroad have assumed responsibility for this trunk to be carried as baggage if the nature of the contents had been made known?
- (d) How should it have been sent?
- (e) As baggage, how much could have been recovered if it had been lost, even if insured at the regular rate?

5. The Pennsylvania Railroad recently ordered fifty-seven new electric locomotives, to cost \$15,000,000.

- (a) What is the cost of each locomotive?

- (b) At an average speed of 90 miles an hour, what is the running time between New York and Washington, a distance of 226 miles, allowing for ten-minute stops at Philadelphia and Baltimore?
- (c) It is said that the time consumed in making these fifty-seven locomotives is 4,200,000 *man-hours*. One man working one hour is a *man-hour*. How many men working an average of eight hours a day would be required to make these locomotives in 350 days, which is approximately a year?
- (d) At an average of \$.80 an hour, how much would be paid for labor in the building of these fifty-seven locomotives?

UNIT 65

OTHER TRAVEL INFORMATION

Planning a Trip. — In planning a trip, it must be remembered that some trains are known as *excess-fare* or *extra-fare* trains, and that these usually make somewhat better time than regular trains. For this extra speed, an extra charge is made. It also should be remembered that some trains carry Pullman cars and some do not. Some trains carry only Pullman cars and no day coaches. Some trains have dining-car service between certain stations, and other trains do not. Some trains are known as *accommodation* or *local* trains and make frequent stops; others are *through* trains and make very few stops.

In planning a journey, the traveler must decide these things: (a) At what hour it is most convenient for him to leave; (b) the time at which he wishes to arrive; (c) the amount of money for transportation which he wishes to spend; (d) whether or not he can do without the special services for which extra charge is made; and (e) what his baggage requirements will be.

Having decided these matters, the traveler should consult a timetable to determine the best route and train to take. In using a timetable, this procedure should be followed:

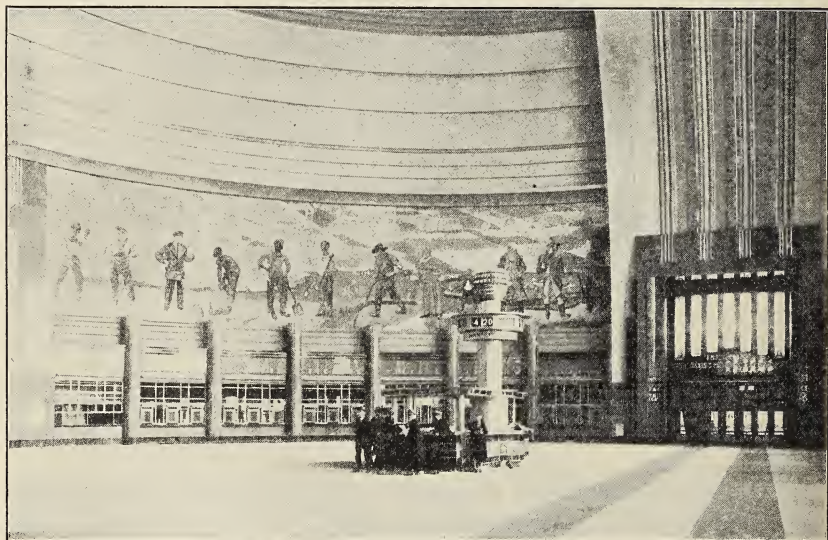
- (a) In the alphabetical list of railroad stations, the traveler must find the name of the place where he wishes to go.
- (b) He should note the page on which will be found trains to that place.
- (c) He should study the timetable for the route chosen and decide what service to use.

If you do not wish to pay an extra fare, be sure that the train you choose does not require one. If you wish to arrive at a certain hour of the day, be sure that the train you select will arrive at or near that time, if there is any choice of trains.

If you have trouble in finding the information you want, or in interpreting the information you find, or if you wish to check up on your own decision to be sure you are right, call on or telephone the information clerk at the railroad station. Do not risk making a mistake that will be costly in time and money.

Lost and Found Service. — This service usually is rendered at the information bureau. At least, it always is proper to inquire at the information desk about

anything that is lost. If there is no information desk, inquiry may be made at the ticket window. Anything found in a station or on a train may be left at the information bureau or at the ticket window. If the article found is of considerable value, a receipt should be taken for it. If the owner of the article is not located, the finder may reclaim it. In such a case, a receipt may be necessary. If something has been left in a Pullman car, it is best to inquire about it at the Pullman office. Articles found in Pullman cars usually are returned to that office and not to the information bureau or ticket window.



Acme Newspictures, Inc.

The mural paintings of the Cincinnati Union Terminal portray the history of Ohio. Under the paintings are the ticket offices. The information desk in the foreground is conspicuously located, as is the information desk in all modern railway stations.

Travelers Aid Service. — In large city railroad stations, a Travelers Aid Society usually maintains a service to assist travelers in various ways. It is of especial importance to elderly people, very young people, inexperienced travelers, women, and others who may find the confusion of the average railway station somewhat confusing. Representatives of the organization will aid travelers in finding information they desire, locating relatives and friends, and in other ways which may add to their comfort and peace of mind.

Porter Service. — In cities, porters are on hand at railroad stations to assist travelers with their baggage. These porters usually wear red caps and uniforms, and one need not hesitate to entrust one's baggage to any such uniformed attend-

ant. While the railroad company pays its porters a certain amount for their services, long-established practice has given rise to the custom of giving to porters a fee for their services. The amount given usually depends upon the amount of service rendered. Ten cents for a single piece is customary. If the baggage carried is heavy, or there are several pieces, a larger fee should be given. If a traveler requires the porter to take charge of his baggage for a considerable time while he is purchasing a ticket, telephoning, or doing other things, he should pay a larger fee for this service, as he keeps the porter from accepting other opportunities while waiting.

On Pullman cars, porters are maintained for the convenience of passengers. It is customary to give a tip or fee to such porters. The amount depends upon the distance traveled and the services rendered. In planning a trip, the expenses of it should include porter's fees, if porters are to be used. One may carry one's own baggage and thus avoid this additional expense.



Courtesy Canadian Pacific Railway

A modern sleeping car made up for daytime occupancy on the Canadian Pacific Railway. No detail is overlooked to make travel on a modern railway comfortable and enjoyable.

Liability of Railroads. — Railroads are what is known as *common carriers*. The law holds them responsible for accidents in which passengers are injured.

unless such accidents are due to a cause entirely beyond the railroad's control. In practically every case, a railroad company is liable for injury which is the result of carelessness or negligence on the part of its employees.

A railroad company also is required to carry all persons who ask for a service which the company regularly furnishes and who are willing to pay for it. Only disorderly people, those who have a contagious disease, and others who would be a menace to their fellow travelers may be denied transportation service.

In case of injury while on a railroad train or on the station property of a railroad company, one should make a claim for damages at once. However, ordinarily it is best not to accept an offered settlement until the full extent of an injury and the resulting loss are known. It should be added that if a passenger is negligent and his negligence contributes to an accident, it is difficult for him to recover damages; therefore, every person traveling should exercise the greatest possible care to avoid injury. One should be especially careful to observe all the rules and regulations which are laid down for the safety of passengers. One should not jump on or off a train while it is moving, nor pass from one coach to another, except where there are closed vestibules and there is no danger of falling off the platform.



A modern means of transportation.

Courtesy of the Gray Line

Motorbus Transportation Service. — Local and long-distance bus lines are operated for the convenience of travelers both by railroad companies and by independent companies. In some cases, these bus lines are used to carry passengers to railroad stations, from which they may continue their journey on trains. In other cases, they are used for transportation between places far apart. One may travel by bus from Boston to Los Angeles. The rate for such

service is less than for railroad transportation in most cases, but the time consumed is somewhat longer, although quite rapid service is now available.

In most cities and towns, central bus terminals are maintained for the convenience of travelers. Routes are fairly well established, and tickets are used as in railroad travel. Timetables are printed to show just what service a company maintains. One should be familiar with both the bus service and the railroad service of his community. Whenever one has to travel, it is desirable to consider just what means is best to use, having in mind the considerations which are mentioned on page 568.

Airplane Service. — Some thirty years ago, the Wright brothers first flew an airplane. Since then much progress has been made in the direction of providing



A giant TWA Douglas Skyliner coming in for a landing at Newark Airport (New York City).
About 14 hours and 55 minutes from Los Angeles.

airplane travel service for all who desire it. This type of service has its uses. It undoubtedly is a permanent type of travel service which will be improved greatly and used more widely as the years go by. Most of the important centers of population throughout the United States are connected by airplane service of one kind or another. Some centers have passenger service, mail service, and express service; others have only one of these. Some have facilities for short trips only; others are on long-distance lines.

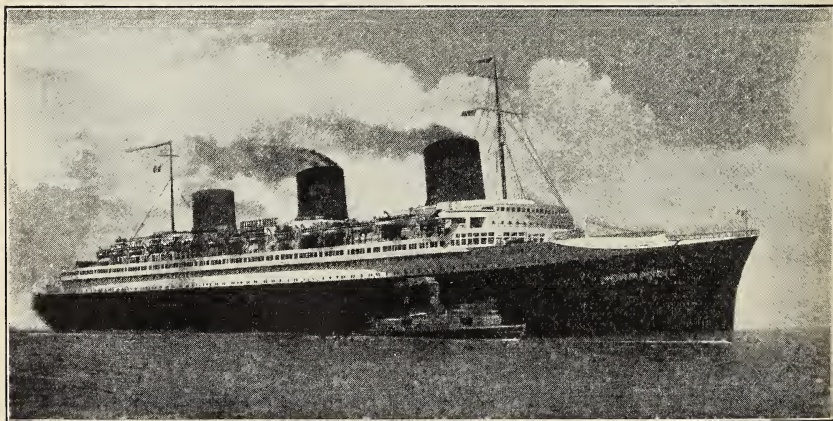
One of the difficulties in providing short-distance airplane service is found

in the fact that an airfield usually must be located at some distance from the center of a city. Passengers must be transported to and from the airfield by motorbus. This takes time and tends to reduce the amount of time actually saved in going from one place to another.

For long distances, there is some saving in travel expense through the reduction of the number of meals which one must buy on an air journey, and frequently one can avoid the expense of sleeping quarters. However, fares for airplane service are as yet considerably above those for railroad or bus service, and this must be taken into consideration by travelers in deciding which method of transportation to use. Only when the time saved by airplane travel compensates for the increased cost, should a person adopt this means, if he is one of those who find it necessary to economize in his travel expenses. One is not justified in paying the extra fare for airplane travel when there is no real need for speed in reaching one's destination. But businessmen find airplane travel very much worth while, since it saves time and accordingly saves money.

It is now possible to make a transcontinental journey on a commercial line from New York to Los Angeles, Calif., by airplane in about fifteen hours. This is a great saving of time over any other means of travel for those who need to make quick trips between such distant places. On these fast journeys, meals while in the air are included in the cost of the ticket.

Steamship Service. — Those who travel to foreign countries by means of steamship service should become familiar with the requirements of such travel.



Courtesy of the French Line

The *Normandie* is 1,029 feet long, 119 feet 6 inches wide, 36 feet 6 inches deep below the water line, and 128 from her keel to the top of the navigating bridge. Tonnage is 82,799 tons. Carries 1,914 passengers. Crossing time: 4 days, 3 hours, and 28 minutes.

This type of travel, however, is hardly common enough to justify devoting much time to it in such a course as this. There is one fact, however, that may be pointed out. Steamship rates are gradually becoming lower, and often these rates are no more than those for railroad travel, when the service rendered for them is taken into consideration. For example, the person who travels on a railroad train buys a ticket which entitles him to ride to his destination. He may buy another ticket which gives him Pullman accommodations. He has to pay for his meals while en route. One who travels on a steamship usually pays a rate which includes all of these services. In other words, a steamship ticket usually includes stateroom or berth, meals, and transportation.

Some boats have only one class of service. All passengers have approximately the same type of accommodations. Other ships have *first-class*, *second-class*, *third-class*, and *tourist third-class*, or some combination of these classes of service. First-class is the most expensive and provides the greatest amount of luxury. One may save money in ocean travel by learning all about the various types of boats and the services which they render.

Travel Costs and Economic Living. — In conclusion, it may be emphasized that transportation service is to be purchased exactly as commodities are purchased. The kind best suited to the needs of the individual should be secured. The traveler should not pay more for transportation service than it is worth to him according to his own particular circumstances. One should not economize falsely in connection with travel service. One should consider the elements of safety, convenience, speed, cost, and comfort in reaching a decision as to just how to travel from one place to another. Young people should begin early to consider what it costs for the transportation which they use and recognize that this is an item that must be provided for in almost every budget. By beginning early to keep this item down to the lowest point which is proper in the light of the income to be spent, one is likely to find it easier to adopt wise policies in connection with the more expensive traveling which will have to be done as the years go by.

367

What should you do

1. If you find an umbrella in a railway station where all of the services discussed in this course are maintained?
2. If you find a pocketbook containing money in such a station?
3. If you lose a package in such a station?
4. If you leave a parcel in a train?
5. If you leave a pair of gloves in a Pullman car?

6. If an elderly person seems to be in need of help at such a station?
7. If you want a child met at a train and cared for until you arrive at the station?
8. If you have more hand baggage than you wish to carry?

368

1. May railway companies' officers
 - (a) Refuse to carry an invalid who is unaccompanied and needs extra care?
 - (b) Refuse to carry a drunken person?
 - (c) Refuse to carry one who is shabbily dressed?
 - (d) Refuse to carry one who has a contagious disease?
2. Under what conditions may railway officers decline to carry a respectable person who has purchased a ticket? What about the ticket in such a case?
3. Is the company liable for injury to a passenger? Explain quite fully. What should passengers be sure to remember when traveling on trains?

369

Write

1. A brief essay on motorbus transportation, showing what it is, how it may serve you, what it costs, and how it affects railway business. Keep in mind the requirements of economic living, but do not overlook any point.
2. A brief essay on airplane transportation, showing how it meets certain needs and fails to meet others. Be sure to show how it compares with other means of travel when it may be used within the requirements of economic living.
3. A brief essay on steamship transportation, showing how it compares with the other three means of travel described in regard to cost, convenience, and speed.

370

A good vocabulary is the treasured possession of every educated person. Are you going to have one when you leave school?

- | | | |
|-----------------|-----------------|----------------------|
| 1. attendant | 5. interpreting | 9. relatives |
| 2. compensate | 6. motor | 10. tourist |
| 3. considerable | 7. porter | 11. transcontinental |
| 4. elderly | 8. quarters | 12. uniforms |

371

1. Get timetables of the railroads that run through your city or village. Also try to secure a timetable of at least one railroad that connects not too far away with the one which serves your city or town. Your teacher, a parent, or a friend will assist you if necessary.

Plan trips to five cities. In a diagram like the following, put the information called for in the places occupied by question marks:

CITY	NUMBER OF TRAIN	LEAVING TIME	JUNCTION POINT, IF ANY	TIME OF ARRIVAL AT DESTINATION	TOTAL TRAVELTIME	FARE AT \$.02 A MILE
1 One about 50 Miles Dis- tant	?	?	?	?	?	?
2 One about 150 Miles Distant	?	?	?	?	?	?
3 One about 350 Miles Distant	?	?	?	?	?	?
4 One about 1,000 Miles Distant	?	?	?	?	?	?
5 One about 1,500 Miles Distant	?	?	?	?	?	?

2. If the trip planned for 3 above is a day trip, plan a night trip to the same place. Give all the steps you would take in arranging this trip.

3. If the trip planned for 4 or 5 above would not place you at your destination at a convenient hour, arrange a trip that would.

4. If the trip planned for 4 or 5 would cause you to leave at an inconvenient hour, arrange one which would send you away as nearly as possible to the hour when you would like to leave.

5. Check all trips arranged, to see if in each case you could plan a trip that would insure leaving and arriving at convenient hours.

6. Plan return trips for all five journeys, having in mind convenient leaving and arriving times.

7. Write a letter to a friend in the city or town selected for trip number 4, asking to be met at the train. Do not omit any necessary or helpful detail.

RAILROAD TIMETABLE

WESTBOUND TO CHICAGO

	★ The Fort Dearborn	★ The Pennsyl- vania Limited	★ The Golden Arrow	★ Broad- way Limited Special Service Charge	★ Man- hattan Limited	★ The Mid- westerner	★ The Pitts- burgher- The Mid- westerner
Lv. New York (Penna. Sta.) . . .	11.00 A. M.	1.05 P. M.	3.10 P. M.	4.30 P. M.	6.10 P. M.	9.35 P. M.	11.00 P. M.
*New York (Hudson Term.) . .	10.50 A. M.	1.00 P. M.	3.00 P. M.	4.24 P. M.	6.00 P. M.	9.30 P. M.	10.50 P. M.
Newark (Penna. Station) . . .	11.17 A. M.	1.22 P. M.	3.27 P. M.	4.47 P. M.	6.27 P. M.	9.52 P. M.	11.17 P. M.
Ar. Pittsburgh	9.35 P. M.	10.35 P. M.	12.14 A. M.	12.55 A. M.	3.38 A. M.	7.35 A. M.	8.10 A. M.
Englewood	d6.22 A. M.	d6.32 A. M.	d7.27 A. M.	d7.43 A. M.	d12.13 P. M.	4.39 P. M.	4.39 P. M.
Chicago (Union Station) . . .	6.40 A. M.	6.50 A. M.	7.45 A. M.	8.00 A. M.	12.30 P. M.	4.55 P. M.	4.55 P. M.

8. From the timetable above, plan a trip from New York to Chicago without Pullman.

9. Below is a motorbus timetable. Plan a trip by bus from New York to Chicago.

MOTORBUS TIMETABLE

WESTBOUND READ DOWN														NEW YORK — CHICAGO														EASTBOUND READ UP													
Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv	Dy	Lv												
AM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM												
265	1305	910	910	555	405	325	235	110	950	Y	910	1000	800	800	700	445	300	215	121	101	900	800	800	Lv New York N. Y. Ar	150	1245	515	1030	1030												
515	145	145	145	1035	800	600	545	445	345	245	145	145	145	145	145	145	145	145	145	145	145	145	145	Lv Newark N. J. Ar	250	420	510	905	940												
106	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	1120	Lv Scranton Pa. Ar	1000	530	530	910	910												
415	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	Lv Erie Pa. Ar	1100	415	415	815	815												
815	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	Lv Buffalo N. Y. Ar	1220	415	415	815	815												
1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	1214	Lv Buffalo Pa. Ar	1100	415	415	815	815												
336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	336	Lv Cleveland Ohio Ar	745	415	415	815	815												
533	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	1213	Lv Cleveland Ar	710	415	415	815	815												
1000	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	Lv Toledo Ar	311	415	415	815	815												
605	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	1205	Lv St. Thomas Ont. Ar	1015	310	310	710	710												
800	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	Lv Detroit Mich. Ar	1000	1015	1015	815	815												
1025	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	Lv South Bend Ind. Ar	834	320	320	720	720												
122	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	948	Lv Easton Pa. Ar	142	330	330	730	730												
113	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	1037	Lv Harrisburg Ar	1148	100	100	700	700												
913	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	613	Lv Pittsburgh Ar	1118	1220	1220	818	818												
143	636	67	636	640	1015	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	Lv Canton Ohio Ar	1118	1220	1220	818	818												
1035	636	67	636	640	1015	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	Lv Lima Ar	1159	1159	1159	759	759												
1035	636	67	636	640	1015	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	Lv Fort Wayne Ind. Ar	1159	1159	1159	759	759												
1035	636	67	636	640	1015	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	Lv Gary Ar	1159	1159	1159	759	759												
1035	636	67	636	640	1015	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	Lv Hammond Ar	1159	1159	1159	759	759												
1035	636	67	636	640	1015	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	1130	1035	Lv Chicago Ill. Ar	1159	1159	1159	759	759												
AM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM	PM												

10. Compare the above bus trip with the train trip as to

(a) Convenience of starting hour.

(b) Convenience of hour of arrival.

(c) Total time consumed on trip.

(d) Average speed. (Distance covered is 908 miles.)

(e) Fare by railroad \$18.20 (coach). Bus fare is \$12.95 one way; \$23.35 round trip.

(f) Number of meals eaten en route.

Railroad mileage between New York and Chicago is 908 miles by the most direct route. Bus mileage between New York and Chicago is 895 miles via Pittsburgh and 953 miles via Buffalo. Airplane mileage between New York and Chicago is 731 miles via Pittsburgh. For airplane fare, see table on page 599.

11. Had the New York-Chicago train trip included Pullman, what would have been the added cost if a lower berth costs \$6? Why is it not quite fair to compare a Pullman trip with a bus trip?

12. Below are timetables of airplane services between New York and Los Angeles, and between New York and Chicago. Plan a trip from New York to Chicago by this means of transportation.

AIRPLANE TIMETABLE

NEW YORK TO CALIFORNIA									
Miles	DAILY SCHEDULES	Sun Recr Flight 1	Flight 121-1	1st Sky Chief Flight 15-5	2nd Sky Chief Flight 5	Sky Master Flight 13			
...	Boston (ET) AA.....Lv.		2:30PM	2:30PM	8:00PM				
...	New York (ET) Newark.....Lv.	7:45AM	8:15AM	4:30PM*	11:45PM				
72	Philadelphia (Candel).....Lv.	8:35AM		4:05PM*	12:30PM				
305	Pittsburgh (ET).....Lv.	9:25AM	10:15AM	6:35PM	7:00PM	2:15PM			
...	Washington via CAL.....Lv.	9:50AM	4:50PM	2:30PM	11:10PM				
...	Washington via PAL.....Lv.	9:35AM	4:35PM	2:30PM	11:10PM				
...	Pittsburgh (ET).....Lv.	10:35AM	10:35AM	6:40PM	7:10PM	2:25PM			
731	Chicago (CT).....Lv.	12:15PM	12:15PM	8:25PM					
...	Chicago.....Lv.	1:00PM		9:15PM					
164	Columbus (ET).....Lv.	1:45AM		8:23PM	3:10AM				
...	Columbus.....Lv.	1:55AM		8:33PM	3:50AM				
645	Indianapolis (CT).....Lv.	12:10PM		6:10PM					
...	Indianapolis.....Lv.	12:25PM		6:25AM					
875	St. Louis.....Lv.	2:55PM		10:18PM	6:10PM				
...	St. Louis.....Lv.	3:15PM		10:20PM	6:11PM				
1103	Kansas City.....Lv.	3:40PM	3:40PM	11:55PM	12:02AM	7:45AM*			
...	Kansas City.....Lv.	4:10PM*	4:10PM*	12:30AM	8:05AM				
1281	Wichita.....Lv.	1:45AM	1:45AM	9:35AM					
...	Wichita.....Lv.	1:55AM	1:55AM	9:45AM					
1578	Amariillo (CT).....Lv.	7:10PM	7:10PM	11:45AM					
...	Amariillo (CT).....Lv.	7:30PM	7:30PM	11:50AM					
1862	Albuquerque (NT).....Lv.	8:25PM	4:35AM	4:35AM	11:50AM				
...	Albuquerque (NT).....Lv.	8:35PM	4:50AM*	4:50AM*	12:00PM				
2090	Window (NT).....Lv.			2:55PM*					
...	Window (NT).....Lv.			3:00PM					
2134	Los Angeles (PT) Glendale.....Lv.	11:45PM	11:45PM	8:00AM	8:00AM				
...	Los Angeles (PT) Glendale.....Lv.	12:15AM	12:15AM	9:00AM	9:00AM				
...	San Francisco (ET) AA.....Lv.	2:55AM	2:55AM	11:00AM	11:00AM	7:30PM			

*Meals Afloat. #Meal Stop. *Over Grand Canyon and Boulder Dam.
 @Daily except Sundays and Holidays.
 @Flight 21 does not operate Sunday between New York and Chicago.
 @Flight 15 connects with Flight 8 and San Francisco.

CALIFORNIA TO NEW YORK									
Miles	DAILY SCHEDULES	Sky Queen Flight 2-12	Sky Chief Flight 16	Sky Master Flight 16	Flight 4-10				
...	San Francisco (ET) UAL.....Lv.	2:45AM	2:45AM	2:45AM	6:00PM	6:00PM	6:00PM	6:00PM	6:00PM
...	Los Angeles.....Lv.	5:15AM	5:15AM	4:00PM	6:00PM	6:00PM	6:00PM	6:00PM	6:00PM
...	Los Angeles (PT) Glendale Lv.	6:00AM*	6:00AM*	4:30PM*	8:00PM	8:00PM	8:00PM	8:00PM	8:00PM
444	Window (NT).....Lv.				12:15AM	12:15AM	12:15AM	12:15AM	12:15AM
...	Window.....Lv.				12:30AM	12:30AM	12:30AM	12:30AM	12:30AM
672	Albuquerque.....Lv.	2:15PM	2:15PM	9:15PM	2:15AM	2:15AM	2:15AM	2:15AM	2:15AM
...	Albuquerque (NT).....Lv.	2:30PM	2:30PM	9:30PM	2:35AM	2:35AM	2:35AM	2:35AM	2:35AM
958	Amariillo (CT).....Lv.	8:15PM	5:12PM		5:00AM	5:00AM	5:00AM	5:00AM	5:00AM
...	Amariillo.....Lv.	8:22PM*	5:22PM*		5:15AM	5:15AM	5:15AM	5:15AM	5:15AM
1253	Wichita.....Lv.	7:10PM	7:10PM	1:35AM	7:05AM	7:05AM	7:05AM	7:05AM	7:05AM
...	Wichita.....Lv.	7:20PM	7:20PM	1:45AM	7:15AM	7:15AM	7:15AM	7:15AM	7:15AM
1431	Kansas City.....Lv.	8:32PM	8:32PM	2:35AM	8:35AM*	8:35AM*	8:35AM*	8:35AM*	8:35AM*
...	Kansas City.....Lv.	8:55PM	8:55PM	3:00AM	9:00AM	9:00AM	9:00AM	9:00AM	9:00AM
1659	St. Louis.....Lv.	10:21PM	8:45PM	3:10AM	10:25AM	10:25AM	10:25AM	10:25AM	10:25AM
...	St. Louis.....Lv.	10:31PM			10:35AM*	10:35AM*	10:35AM*	10:35AM*	10:35AM*
1889	Indianapolis (CT).....Lv.	11:57PM			12:00PM	12:00PM	12:00PM	12:00PM	12:00PM
...	Indianapolis (CT).....Lv.	12:12AM			12:15PM	12:15PM	12:15PM	12:15PM	12:15PM
2078	Columbus (ET).....Lv.		7:40AM		2:25PM	2:25PM	2:25PM	2:25PM	2:25PM
...	Columbus (ET).....Lv.		7:55AM		2:35PM	2:35PM	2:35PM	2:35PM	2:35PM
1837	Amariillo (CT).....Lv.	11:55PM			11:50AM	11:50AM	11:50AM	11:50AM	11:50AM
...	Amariillo (CT).....Lv.		8:58AM		2:27PM	2:27PM	2:27PM	2:27PM	2:27PM
2229	Pittsburgh (ET) AA.....Lv.	3:10AM			3:35PM	3:35PM	3:35PM	3:35PM	3:35PM
...	Washington via CAL.....Lv.	4:35AM			10:45AM	10:45AM	10:45AM	10:45AM	10:45AM
...	Washington via PAL.....Lv.				10:40AM	10:40AM	10:40AM	10:40AM	10:40AM
...	Pittsburgh (ET).....Lv.	3:30AM		8:58AM	3:45PM	3:45PM	3:45PM	3:45PM	3:45PM
2491	Philadelphia (Candel).....Lv.	4:55AM			5:20PM	5:20PM	5:20PM	5:20PM	5:20PM
...	Philadelphia (Candel).....Lv.	5:01AM			5:25PM	5:25PM	5:25PM	5:25PM	5:25PM
2534	New York (Newark).....Lv.	5:37AM			10:33AM	10:33AM	10:33AM	10:33AM	10:33AM
...	Boston (ET) AA.....Lv.	9:15AM			2:17PM	2:17PM	2:17PM	2:17PM	2:17PM

*Meals Afloat. #Meal Stop. *Over Grand Canyon and Boulder Dam.
 @Daily except Sundays and Holidays. Via Gonzalez Line Kansas City to Chicago.
 @Meals afloat for passengers boarding planes at Indianapolis.

Transcontinental & Western Air, Inc.

AIRPLANE SCHEDULE OF FARES

NEW LOW FARES

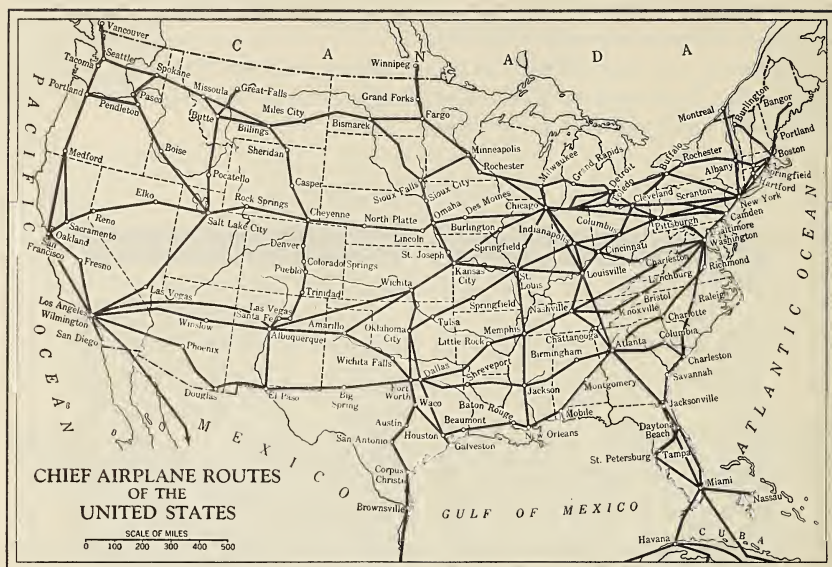
INCLUDING CERTAIN THROUGH FARES ON CONNECTING AIR LINES

ONE WAY FARES IN THIS TYPE—LIGHT FACE. ROUND TRIP FARES IN THIS TYPE—BOLD FACE

Subject to Change Without Notice	Boston	New York	Philadelphia	Washington	Pittsburgh	Columbus	Cleveland	Chicago	Detroit	Minneapolis	Indianapolis	St. Louis	Kansas City	Wichita	Dallas	Amariillo	Albuquerque	Window	Los Angeles	San Francisco
Boston.....	xx	xx	\$10.00	xx	\$36.85	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05	\$18.05
New York.....	xx	xx	6.00	xx	22.95	32.95	29.70	47.95	\$37.60	\$37.95	42.35	56.65	65.95	80.85	\$58.00	99.65	116.45	130.40	160.00	\$160.00
Philadelphia.....	\$19.90	8.00	xx	xx	31.40	28.00	29.35	41.65	\$32.90	\$61.95	38.00	62.00	65.00	78.00	\$52.30	94.90	111.50	125.45	155.00	\$155.00
Washington.....	\$35.90	10.80	xx	xx	18.00	50.40	45.90	76.55	\$55.22	\$105.51	68.40	83.90	117.00	138.80	\$148.10	170.10	200.70	225.81	275.00	\$275.00
Pittsburgh.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Columbus.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Cleveland.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Chicago.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Detroit.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Minneapolis.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Indianapolis.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
St. Louis.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Kansas City.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Wichita.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Dallas.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Amariillo.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Albuquerque.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Window.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
Los Angeles.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75
San Francisco.....	xx	xx	xx	xx	xx	\$20.75	xx	\$36.00	xx	\$56.00	\$30.75	\$37.78	\$68.75	\$74.45	\$87.25	\$104.25	\$118.20	\$147.75	\$147.75	\$147.75

Transcontinental & Western Air, Inc.

MAP SHOWING TRANSCONTINENTAL AIR LINES



13. Compare this airplane trip with the train and bus trips between the same points as to the items listed in number 10. A table like the following will assist you :

KIND OF TRIP	STARTING HOUR	ARRIVAL HOUR	TIME FOR TRIP	AVERAGE SPEED	FARES	NUMBER OF MEALS	NUMBER OF CHANGES
Day-Coach Train							
Pullman Train							
Extra-Fare Train							
Motorbus							
Airplane							
Airplane and Train							

14. How much can be saved by buying a round-trip airplane ticket between New York and Chicago? Between New York and Los Angeles? What per cent of one-way fare in each case?

PART X

VOCATIONAL PLAN NECESSARY TO ECONOMIC
LIVING



*Keystone View Co.
Ewing Galloway*

Our modern high schools provide a certain amount of special training for boys and girls. This training may be begun in school and continued later on the job. Pupils can learn many things, therefore, that will be useful personally as well as in almost any employment they may undertake.

UNIT 66

IMPORTANCE OF VOCATIONAL LIFE AND TRAINING FOR IT

Importance of Vocational Life to a Community. — It has been shown that a community is only as strong economically as are the individuals who live in it. No community is likely to prosper if its citizens do not prosper. Taxes cannot be collected from people who have no money with which to pay them. A community cannot render satisfactory service and protection to its people unless it can collect taxes. Since most individuals obtain their income from rendering service of some kind, it seems clear that it is of greatest importance to a local community, and to the larger community known as the nation, that every individual member of it shall have employment. If there are no stores, where shall we obtain the things we need? If no one engages in delivery service, how can the things we need be delivered to us? If no one manufactures anything, how will our needs for many things be met? If no one produces food, how shall we obtain it? Let us imagine for a moment what would happen if all the people in our community stopped working, gave up their occupations, and decided that they would not serve each other any longer. The fact is, that we could not live very long in such a community, since under present conditions it is not easy, if it is possible at all, for each individual to provide himself with the things he needs.

There was a time when everyone was his own protector; everyone provided largely for his own needs. In such times, strong people lived and prospered, while weak people perished. No one was interested in anyone else. After many years, it became apparent that it would be best for people to serve one another. Trading centers sprang up in many places, often far removed from each other. At regular intervals, people brought to these market places the things they had to dispose of and bartered with others for what they wanted most. Naturally, in this way, cities and towns developed. These cities became wealthy and attracted the attention of enemies, who from time to time came to rob them of their wealth. For mutual protection, such cities formed themselves into leagues. For protection and for other reasons, in more recent history, certain governmental units of society have been formed. These are known as cities, towns, counties, states, and nations.

Thus, after many years, we find people living in organized communities. The recently formed League of Nations represents an effort to extend, to some extent

at least, the responsibility of every unit of organized society for the general welfare of people in every other unit.

Modern society expects that every adult who is able to do so will make a contribution to the economic and social life of his community. Every boy, girl, man, and woman has certain obligations toward society, and each one has certain rights guaranteed to him by the laws of society. Among the obligations, we find the one which requires that each individual shall do his share of the useful things society needs to have done. In its simplest terms, this means that every able-bodied adult shall earn his own living and the living of those dependent upon him, by performing useful service for organized society. No one should be idle who is physically and mentally capable of working; at least, not until, through years of service, a competence has been earned and saved. Even then there are many kinds of unpaid but highly important services which people who have retired from active business can render.

Importance of Vocational Life to an Individual. — If each individual is to acquire for himself what we have called *economic security*, it will be necessary for each to work at some occupation during what are called the productive years of life. It is, therefore, of the utmost importance that every boy and girl shall begin early to think of the lifework which he or she may prepare to do. This does not mean that children should be in haste to decide definitely just what positions they will prepare for while in school. It surely does not mean that young people should be in a hurry to start work as wage earners. It should be remembered that boys and girls are really earning money while they are getting an education, since it is believed that the right kind of education will improve their earning power and their economic security in later years.

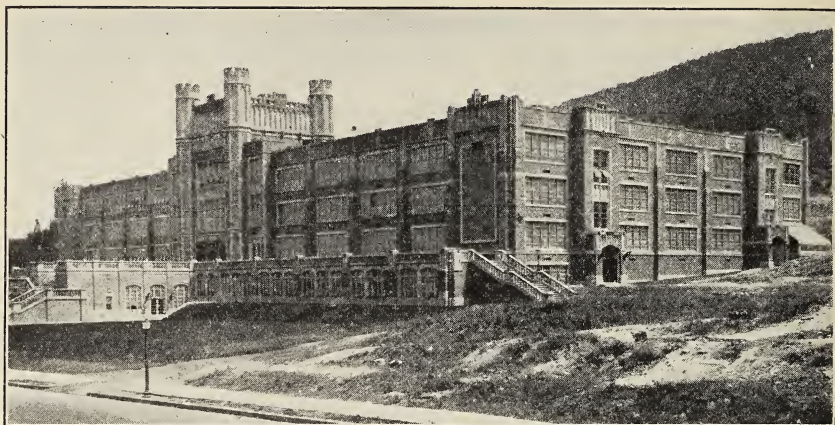
Under present economic conditions, it is of special importance that boys and girls be not in a hurry to go to work. Machines have been invented to do work formerly done by hand. This tends to throw many people out of work. Other things have interfered with the normal amount of employment which usually exists in this country. Certain codes and other agreements among business firms and between business and government tend to prevent very young people from obtaining employment. This is no hardship on boys and girls; it merely gives them an opportunity to continue longer in school and to make better preparation for the kind of work they ultimately will do. Not long ago, a large number of boys and girls could find positions at sixteen years of age and even younger. Now it is quite difficult, even for people eighteen and nineteen years of age, to secure the kind of employment they desire. There is every reason to believe that in the years to come, entrance upon employment by young people will be delayed on the average longer than it has been in the past.

It must be remembered that almost anyone can perform simple *unskilled* service, but training is required for *skilled* service. This is one reason why the unskilled laborer is paid smaller wages than the skilled laborer. Your earning power can be increased by proper training, both before and after entering upon employment; therefore, do not be in a hurry to go to work. On the other hand, do not wait too long to begin thinking about what kind of work you wish to do. Choose a lifework as early as you can, and make the best possible preparation for it. This is important in the interest of economic living. Your earning power in the future will depend to some extent on the care with which you plan your economic life. Nothing can guarantee to you that your plans will work out exactly as you make them; but it is far better to make plans which must be modified from time to time, than it is to drift along without any definite idea as to what you are going to do in life.

General Education Needed for Vocational Life. — All tasks which demand mental effort require a good background of general education as well as a proper amount of special training. For example, recent studies have shown that secretarial workers succeed quite as often because of the general education which they have had as they do because of any special training which they may have received. A large number of businessmen recently were asked to indicate what kind of education or training they expected their employees to have. Nearly all insisted that *general* education is of quite as much importance as *special* training. If two people apply for a position in an office or store, and one of them has had a considerable amount of general background education, while the other has had little, it is likely that the former will be employed, even though both parties have had the same amount of special training and experience. This is not always true, but it is a general rule.

Every young person should, therefore, look upon his entire program of study as being worthy of his best efforts. He should not slight any part of it. English, history, social studies, science, and drawing may be quite as helpful in later life as business training of more specialized character. It is true that ability to write well, to figure rapidly and accurately, and to handle certain kinds of office work is very valuable in securing business employment. However, while it is important that the individual prepare to do the work which will be required of him in the first job he obtains, it is equally essential that he secure the necessary education for advancement from that job to a better position in later years.

You should look upon your entire course as a whole and should do every part of it well. Not all of your business training can be secured in a course of the kind you are now pursuing. Try to think of this special course as just one step in your preparation for your lifework.

*Ewing Galloway*

"Knowledge is power." The high school is a gateway to knowledge. A million-dollar gateway built for the boys and girls of a progressive city.

Aim first to be a good citizen and then to become skilled in some kind of work. You scarcely can hope to be a good citizen unless you are a good productive worker, nor can you be the best kind of productive worker unless you are a good citizen. Therefore, in all your schoolwork, keep in mind the fact that you are preparing for productive and useful citizenship rather than for earning money only. As has been shown, money in itself is of little value to people. It brings true satisfaction only in proportion as correct habits of using it are formed. Regard the general studies and the business subjects in your curriculum as of equal value when they are properly considered in relation to each other as a part of an educational program.

Special Training Necessary. — A certain amount of special training, or business education, is desirable. It is important from the standpoint of the individual. Each person has business services to use, and he should know how to use them to the best advantage. Also, each individual, when he has secured employment, is called upon to render certain services to business. He should have training for his work. This training may be begun in school and continued later on the job. A person cannot secure all the special education he needs before he obtains employment, but each individual can learn many things that will be useful to him in almost any employment he may undertake.

To obtain the best possible preparation in advance of employment, it is necessary to know as early as possible what business training one will need. This can be determined only when one's occupation has been chosen. For example.

an individual who knows that he will be a bookkeeper can obtain at least partial preparation for a bookkeeping position while still in school. A girl who knows that she will be a stenographer can obtain much preparation for this kind of work while in school. One who is planning to sell in a store likewise can obtain training for this sort of service. An individual who expects to do office clerical work in his first position may secure pre-employment preparation for this kind of work.

When and Where to Obtain Necessary Education. — It never is possible to secure all the *general education* and *special training* needed for vocational life before entering upon employment. No matter how much education one obtains in school and college, there still will be many things to learn in later life. However, in planning one's economic career it is desirable to secure a good *general education* and some *special training* before taking a position.

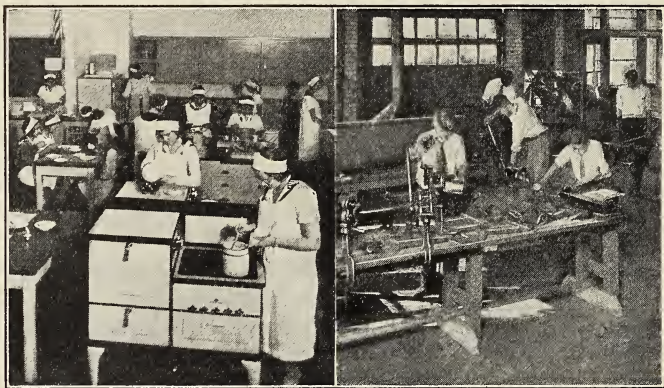
The general education needed can be obtained in the junior high school, senior high school, and college. At least a full high-school education is desirable for all who hope to achieve success in business life. This does not mean that those who, for one reason or another, are unable to graduate from high school may not succeed. The fact is, that many people succeed without much education in the sense that we use this term. Among the distinguished people whose names are listed in the directory called *Who's Who in America*, there are some whose education has been very limited, but about 83% of those who are listed in this book have had at least a high-school education. About 58% are graduates of colleges. It is best for all who can profit by schoolwork to remain in school or college until graduation if possible.

You should decide soon how long you will remain in school, as far as you can know now. This will enable you to use your time to the best advantage. For example, if you plan to remain in the senior high school to graduate and then go to work, it will be necessary for you to secure your general education and as much special training as you need by the time you graduate from high school. If you can continue two years beyond high school, it will be best to devote practically all your time in high school to general education and postpone special training until the later years. If you can remain to graduate from college, then you may postpone your special training even longer. As has been pointed out already, it is increasingly difficult for boys and girls to obtain desirable positions before they are eighteen or twenty years of age. This means that they can spend their time to the best advantage in an educational career which will last at least until they reach the age of eighteen.

Those who have to leave school or college to go to work, as well as those who remain to graduate, will find many opportunities for additional education in evening schools, opportunity schools, correspondence schools, and other agencies

interested in adult education. In the years ahead, there will be more and more opportunity for additional education beyond the high-school years.

Special business training or other vocational education which you will need can be begun in the senior high school and continued as long as you remain in school or college. However, as has been said above, it is better to postpone this special training until perhaps the last two or three years of your school career. First, you should decide as nearly as you can what kind of work you think you would like to do. Then you should learn all you can about the requirements for this sort of work. Next, you should become familiar with the program given in your high school and with that offered in any college in which you may be interested. You also should consider opportunities for special training in business schools. If your high school has a good commercial program, it is likely that you can prepare for an initial job to be taken at high-school graduation. If your high school has no such program, it will be desirable for you to complete the regular work and then take special training elsewhere.



Nation's Schools

Our high schools sometimes offer courses of an industrial nature. What training are the girls and boys in these pictures receiving? Have you chosen any courses of this type? Do you prefer them to the academic courses? If so, why? May they be better than commercial courses for some boys and girls? Why?

Consult your teachers, your principal, your parents, your friends, and anyone else who can give you information that will help you to plan your educational and vocational career. Take plenty of time before deciding, but do not delay too long.

Before you can plan your educational career, it will be necessary for you to know much about commercial employments and other occupations in which you may be interested. It is not possible within the scope of this course to give you

all the information you need to help you choose the best vocation for which to prepare. It is assumed that other opportunities will be afforded you to learn about many occupations besides business. At the conclusion of this course in business training for economic living, we shall have time for a brief discussion of the field of business as only one of the several fields which you should consider in shaping your vocational plans. Not all people are sure to succeed in *commercial* pursuits. Some will do better and be happier in *industrial, agricultural, professional, or governmental service*. Each kind has its advantages. Each field contains suitable beginning positions. Each is attractive from the standpoint of opportunity for advancement. Each is entitled to careful consideration by every individual in planning his vocational career. Aptitudes, interests, and ability will largely determine the degree of success in any calling. Hence, in the selection of a lifework, you should give full consideration to your own personal aptitudes, interests, and ability.

Above all things, do not decide too quickly in favor of office work, as so many do. Do not scorn working with your hands. All work is honorable, if it is well done. The *white-collar* job is less attractive than it once was. It is not the only kind in which you can be happy. It is not the only one from which you can advance to higher levels of employment. Resolve to prepare for a kind of work which needs to be done and for which you possess the necessary characteristics. Never choose a lifework just because someone else has chosen it or because large numbers seem to prefer it. Choose it because it will give you the best opportunity to serve your fellow men and to gain economic security in later life.

In the concluding unit, we shall consider some of the things about which you should learn before you reach a final decision as to your vocational field or occupational goal.

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What happens to a community

1. When something causes its principal industries to lay off their employees for many weeks?
2. When an industry moves to another city?
3. When a new industry moves in?
4. When many of its citizens refuse to work for any reason?
5. When a new invention puts an old, established manufacturing company out of business?
6. When drought in an agricultural community destroys crops?
7. When there is not enough employment to supply able-bodied citizens with jobs?

Can you tell

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1. Why most people work for money with which to buy things needed instead of producing those things for themselves?
2. Why we say that those who work for money to buy things they need serve society at the same time?
3. Who may retire from wage-earning work without injuring society?
4. What able-bodied people who retire should do for society?
5. What is meant by *economic security*?
6. One way of obtaining economic security without depending upon the government for it?
7. Whether or not those who have failed to secure it for themselves should be provided for by society in their old age?

A lifework

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1. What is meant by a *lifework*?
2. When should one begin to plan for an occupational career? Why?
3. When should one enter upon such a career? Answer as fully as you can.
4. Is there less need for boys and girls to seek early employment than there was a decade or two ago? Explain.
5. It is not so easy as it once was for boys and girls to obtain work at an early age.
 - (a) Why? Give several reasons.
 - (b) Is this a hardship for boys and girls?
 - (c) Is it best for society that this is so?
 - (d) Is this condition likely to continue?
6. Distinguish between *skilled* and *unskilled* labor.
 - (a) Which is better paid?
 - (b) How does one enter the *skilled* labor class?
 - (c) Which kind of work can be had by young people who leave school early?
7. It seems to be necessary for boys and girls to wait for satisfactory employment until they are at least eighteen years old.
 - (a) Why should they be thinking this early about the kind of employment they will seek several years hence?
 - (b) Why not let them wait until the proper time comes and then go out and secure a job?
8. If there is no guarantee that your vocational plans will be fulfilled just as you hope they will be when you make them, why plan?

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Training for vocational life

1. Two types of training are needed. What are they? How do they differ?

2. Which of the following, if either, is likely to obtain an office position about to be filled, and why?

(a) Junior-high-school graduate, or a high-school graduate.

(b) Private-business-school graduate who has previously graduated from junior high school only, or senior-high-school graduate who has pursued a good business-training curriculum.

(c) Private-business-school graduate who has previously graduated from senior high school (academic diploma), or a commercial-high-school graduate.

(d) Senior-high-school academic-course graduate who completes a junior-college (two years beyond high school) business-training program, or a private-business-school graduate with less than a high-school education.

3. Is there any subject included in your high-school program which, if well done, is not likely to benefit you in your later vocational life?

4. It is said that you should have in mind vocations on at least two levels as you look forward to a life career.

(a) What are these levels?

(b) Where may training for the lower one be obtained? For the upper one?

(c) What is the true importance of your first job? Of your later job or jobs?

(d) Which part of your high-school training may be most helpful in your first job? In your later jobs? Explain as fully as you can.

5. Where can special training for occupational life be obtained? Can it all be secured in any kind of school?

6. Make a list of the different schools in your community where vocational training may be had. Explain briefly the kind or kinds given by each school.

7. Is general education a guarantee of success in vocational life? Is special vocational training sure to enable you to succeed in your chosen work? Why?

8. The steps given below should be followed in reaching a satisfactory occupational goal. They are not listed in the order in which they should be taken. List them in the proper order according to this unit of instruction.

Take training for a first job, so that I can win promotion.

Take part-time courses while I work, to help me win promotion toward my real occupational goal.

Apply for beginner's position.

Try to decide how long I can remain in school.

Learn all that I can through experience on my job so as to be ready for promotion.

Take courses that will help me to know more about my aptitudes, interests, and ability and the requirements of various kinds of work in which I may be interested.

Prepare for a first job, so that I can be on my way toward a higher level of employment.

Decide what kind of work I should like to do when I am ready for my first position.

Decide on my real occupational goal for later life.

9. Is there any chance of success in occupational life for those who do not graduate from college? From high school?

10. Is commercial employment — in offices or stores — the only kind which leads to the higher levels of business employments?

(a) Are factory workers sometimes promoted to a management position?

(b) Does the manual worker have a certain advantage over the headworker in certain kinds of business — manufacturing, plumbing, electrical-wiring, railroad, agricultural, etc.? Try to give good reasons for your answer.

(c) Is it possible that there are too many applicants for office positions? What does this mean for you?

(d) What is meant by a *white-collar* job?

(e) Is the white-collar job popular among young people? Why?

(f) Three things have been mentioned as having much to do with one's choice of vocation. What are they?

(g) Should anyone be too proud to work with his hands?

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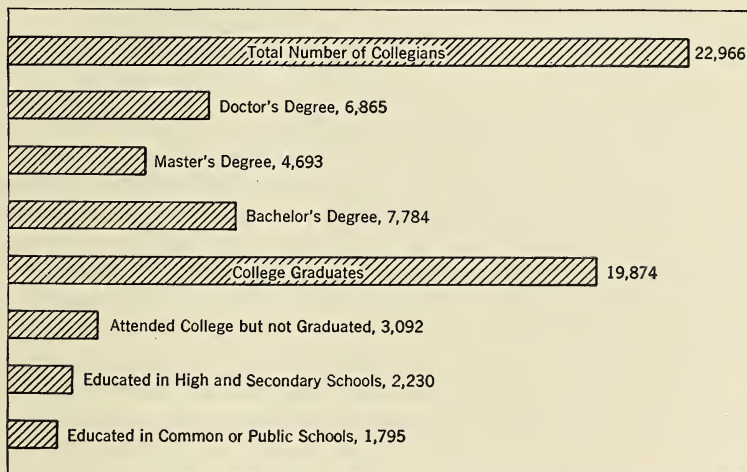
Ability to remember what you hear and learn in school and out of school is an indication of your probable success or failure in business life, if you enter this field. Try yourself out on these words, all of which you doubtless have heard used in this unit and elsewhere.

- | | | |
|---------------|----------------|-----------------|
| 1. background | 7. interfere | 13. protector |
| 2. bartered | 8. league | 14. secretarial |
| 3. competence | 9. manufacture | 15. specialize |
| 4. elsewhere | 10. postpone | 16. undertake |
| 5. graduate | 11. principal | 17. unskilled |
| 6. hardship | 12. productive | |

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Who's Who in America is a book which contains the names of people who in the judgment of the editors are unusually successful men and women. There are successful people who are not listed. Those who are listed are not all equally successful, and some are not economically successful. In some cases, the judgment of the editors may be wrong, but this list is one of the best available.

In this book for the years 1934-1935 is the following graph, showing how much education these successful people have had. The statistics are based on persons listed in the edition for 1928-1929.



Adapted from Who's Who in America

Education helps people succeed. Get all you can in school and college; then keep on learning.

1. Prepare a chart like the following, and put the correct numbers and the correct per cents in the places occupied by question marks.

DIFFERENT AMOUNTS OF EDUCATION HAD BY PEOPLE LISTED IN <i>Who's Who in America</i> FOR 1928 AND 1929	TOTAL NUMBER	PER CENT OF ALL
Attended College	?	?
Graduated from College	?	?
Attended College but Did Not Graduate	?	?
Attended High School or Other Secondary Schools	?	?
Attended Common or Public Schools Only	?	?

2. What does the table you have prepared suggest as to the amount of education required for success in a life career?

3. It would be interesting to know whether the proportion of successful men and women who are college-trained is increasing or decreasing; whether a larger or smaller proportion of successful men and women who were listed in *Who's Who in America* in earlier years were college-trained.

Here are the per cents for past years. Compare them with the per cent for 1928-1929 which you found in 1 above:

1899-1911	70.54% college-trained
1916-1917	72.88% college-trained
1922-1923	77.36% college-trained
1928-1929	? college-trained

4. In 3 above, what is the per cent of increase of college-trained men and women in 1928-1929 over 1899-1911? Over 1916-1917? Over 1922-1923?

5. In *Who's Who in America* for the years 1922-1923, there were listed the names of 22,075 people, the amount of whose education was known. Of these, 1,880 had attended common or public schools only. What per cent is this of the total number?

6. In the 1922-1923 *Who's Who in America*, 1,182 out of 22,075 people had received only a high-school education. What per cent is this? Is it higher or lower than the per cent of graduates of high schools only in 1928-1929?

7. There is no real proof that each additional year of education will add a certain amount to your annual income when you go to work. However, there is some good evidence that this is so. Much depends on the individual. There can be no doubt about the fact that the more education you obtain, the better will be your chances of succeeding in your vocational career, whatever it may be.

It has been found by investigation that untrained men who accept their first positions at the age of fourteen earn about \$1,200 at the age of thirty; also, that these men earn about \$500 a year during what would have been their high-school years, had they remained in school. It has been learned that between the ages of fourteen and sixty they earn a total of \$45,000.

It is claimed by investigators that men with a high-school education begin their working years at the age of eighteen, earn their highest annual income of \$2,200 at the age of forty, and continue to earn at that rate for the remainder of their working years to the age of sixty, with a total of \$78,000.

The college-trained man begins work at the age of twenty-two, earns \$2,200 a year at the age of twenty-eight, continues at an increasing rate for several years, and by the time he has reached the age of sixty, has earned in all, \$150,000.

These figures are for years before the depression which began in 1929. They may not be wholly true for this year. However, the fact probably remains that while the actual earnings of these three groups of people may be somewhat different at any given time, the relationship between the earnings of untrained men, high-school-trained men, and college-trained men is not greatly different.

- (a) How much does the untrained man earn while his friend is in high school?
- (b) How many years does the untrained man work? How much does he earn during these years? What is his average annual income?
- (c) How many years does the high-school-trained man work? What is his average annual income? How much of this income is earned between the ages of eighteen and forty? How much between the ages of forty and sixty?
- (d) How many years does the college-trained man work? What is his average yearly income? How much does he earn between the ages of twenty-two and twenty-eight if his average salary is \$1,700? How much between the ages of twenty-eight and sixty?
- (e) How much more does the high-school-trained man earn than the untrained man? What per cent more?
- (f) How much more does the college-trained man earn than the high-school-trained man? Than the untrained man? What per cent more in each case?
- (g) According to these figures, what would be the earnings value of a high-school education? Of a college education?
- (h) Will every boy who graduates from high school earn \$2,200 at the age of forty? Explain.
- (i) Are all high-school graduates sure of earning an annual wage of \$2,200 at any age? Explain.
- (j) Would your answers be the same for college graduates as for high-school graduates? Explain.

8. What do the answers to the above problems suggest to you regarding your attitude toward your schoolwork?

UNIT 67

CHOOSING A VOCATIONAL CAREER

Things to Consider in Choosing a Vocation. — It is important to remember that the first position which a boy or a girl obtains is not usually of a type which will be of permanent interest. What we call the *initial-contact* position is one which is obtained to secure experience and promotional opportunity to reach some more important future goal. Therefore, when speaking of an occupation, do not think merely of the kind of position for which you wish to prepare in school and obtain on graduation. Think also of the kind of work you will like to be doing ten or fifteen years hence.

In choosing a vocation, you also must keep in mind the fact that you will never be able to do your best work unless you are reasonably happy in the work you are doing. It probably is not true that each individual is born to do some particular thing; on the other hand, it is likely that almost everyone will be happier doing some things than others. Contentment with the thing you are doing is quite important for success in doing it. If you like to work with others, you would enjoy a position where you would not be required to work alone. If you like to work by yourself, you would prefer a position where you would not have to work in continual association with others. There are a number of things to remember and think about in choosing an occupation. Try to list as many of these things as possible, and then try to give each its due weight in deciding just what you want to do.

In choosing a vocation, it is of the greatest importance, especially in these days of trying economic times, to choose a field which is not already overcrowded. You should not decide too readily on an occupation just because someone else has chosen it. A position which may have been very satisfactory for some of your friends who have been employed a long time, may be very unsatisfactory for you at the present time or at the time when you will begin to work. There are many changes in business from year to year, and it is only natural that some positions grow more important while others become less so. Furthermore, many new occupations come into existence almost every year. Look over the whole field carefully, and obtain all the help you can in deciding just what particular kind of work seems to offer you the best opportunity for personal success and social service.

Once you have decided on the kind of work you wish to do, it then will be necessary to ascertain just how much and what kind of education it is desirable for you to secure while in school. Do not be discouraged if you find that the kind of work you have chosen requires a rather large amount of preparation. Remember that occupations which are easy to enter usually are occupations which are not very much worth while. Those which require much preparation and special ability usually are the less crowded ones.

Levels of Employment. — In the commercial field, it is very important to remember that there are several levels of employment. These levels may be named as follows: Clerical, Supervisory or Subexecutive, and Executive. The chart in Illustration 86 shows the relationship between these levels and indicates some of the occupations that are found on each. It will be noticed that only positions on the clerical level can be prepared for to any great extent in high school. Positions on the upper two levels are those to which clerical workers may hope to be promoted. Training for these higher positions must be obtained largely through experience, but advanced training in the field of commerce should help one to make the most of his experience in preparing for advancement.

It is almost never best to obtain merely the minimum amount of education which is required for the two lower levels. It is far better to secure the best possible education, both general and special, before entering upon even these lower types of work. This is because promotion to the higher level often depends upon the training and general education which workers have had.

It is quite likely that some position on the senior clerical level, or some combination of two or more positions, may be selected as the goal for which to prepare while in high school. Your teachers will be the best judges as to what training will be necessary for the kind of position you select. Do not be contented with the training which is absolutely necessary for these lower positions. Try to secure a good start toward preparation for promotion to a higher level as soon as you have had the requisite amount of experience in office work.

Such special courses as bookkeeping, shorthand, typewriting, clerical practice, and salesmanship will prepare for work on the lower level. Such courses as commercial law, principles of business, fundamentals of business organization and management, commercial geography, and business economics should be valuable for workers on the clerical level; in addition, they should lay a foundation for promotion to a higher level of work.

Promotional Opportunities. — Since there are several levels of employment and a number of kinds of commercial employment on each of the different levels, it is necessary to prepare for positions which may be used as *stepping-stones* to better positions. In other words, it is important in securing your first

position, that there shall be promotional opportunity in this position. The salary which an *initial* position usually pays is not sufficient to satisfy the requirements of adult life. It will be necessary to make advancement if you are to become economically satisfied; *i.e.*, if you are to earn a sufficient income for your personal and family needs. Oftentimes a position which seems less desirable at the outset is really most desirable because of the promotional opportunity which it provides. Ask yourself this question when trying to decide upon a

Executive Level — Some college education, good business training, and business experience desirable.

Manager Purchasing Dep't
 Manager Credits and Collection Dep't
 Manager Sales Dep't
 Manager Advertising Dep't
 Manager Traffic Dep't
 Manager Office Dep't
 Manager Employment Dep't
 Manager Accounting Dep't

Supervising or Subexecutive Level — High-school education, some business training, and business experience desirable.

Supervisor Stenographic Dep't	Supervisor Collection Dep't
Supervisor Correspondence Dep't	Supervisor Audit Dep't
Supervisor Stock Dep't	Supervisor Filing Dep't
Supervisor Shipping Dep't	Supervisor Mail Dep't

Clerical Level — High-school education desirable.

Stenographer	Billing Clerk
Bookkeeper	Ledger Clerk
Assistant Bookkeeper	Cost Clerk
Dictating Machine Typist	Typist
Office Machine Operator	General Clerk
Pay Roll Clerk	File Clerk
Cashier	

ILLUSTRATION 86. OCCUPATIONAL LEVELS

The clerical level is a good place for some to begin, but a bad level on which to get stranded for life. Try to choose an occupation for which you are adapted, and not merely because it looks easy.

position: "If I take this position, what is there ahead for me?" Obtain the correct answer to this question as nearly as you can before reaching a decision.

Kinds of Employment. — From the occupational chart it will be seen that there are a number of different levels of employment. The chart also shows several kinds of employment which are found in the offices of business firms. However, there are many occupations outside of the office. For example, there are selling positions in stores. There also are buying positions. Such occupations offer as good an opportunity for advancement as does any other type of work, even though entrance salaries may be less. Opportunity for advancement may be greater for those who have an interest in these other kinds of work.

There are positions in factories which have to do with the production of goods through manufacturing. Superintendents have charge of divisions of factory work; foremen supervise particular departments.

Many others cannot be classed either as office workers or as store workers. There are salesmen "on the road," people who call on businessmen to sell merchandise. There are salesmen who sell goods from house to house. There are bill collectors. There are advertising solicitors who go about securing advertisements. There are people who prepare advertisements.

Enough has been said to show that there are many different kinds of jobs other than those in stores and offices. Get all the information you can about these various opportunities before deciding on one of the more common office pursuits.

Kinds of Business. — It is not necessary in a course of this kind to go into detail concerning the various types of business which may be considered in choosing an occupation. For our purposes, we may mention just a few of the more important types to illustrate the fact that not only must the individual choose what kind of work he will do, but he also must decide on the general nature of the business in which he hopes to be employed.

One of the largest fields of business in the world is known as *agriculture*. We are all more or less familiar with agricultural pursuits. Many people have failed to recognize the fact that agriculture really is a business. The farmer finds it necessary to know as much about business as does any other businessman. Both business knowledge and business methods are essential to success in any agricultural enterprise. Those who choose agriculture as a calling will find it necessary to secure a certain amount of technical training and also some business training for use in this particular field.

The *manufacturing* business is more or less familiar to us all. In this industry, people take raw materials and fashion them into the many things needed for our daily comfort and convenience. In every factory, there are many oppor-

tunities for work. Numerous kinds of ability are required. Manufacturing is a *business*, and every manufacturer needs a certain amount of business training in addition to his knowledge of the particular field in which he is engaged.

Financial enterprises are represented by insurance companies, banks, and other types of business which have to do with the care of money. This is one of the most important types of business, since it serves all other businesses. The agricultural, manufacturing, and every other type of business must be financed. Young people who are looking forward to a business career should consider what the financial field has to offer.

The *mining* business is less familiar to some of us and more familiar to others. There are many different types of mining, and a large number of occupations are identified with this particular industry. The business side of mining is quite as important as is the business side of other types of industry.

Transportation is a very important business and offers numerous opportunities for service both in offices and outside.

The *retail* business is one of the largest in the country. There are large stores and small stores, in which are almost endless opportunities for boys and girls who are interested in this kind of work.

Large *wholesale* concerns buy merchandise in quantity and sell it to retail stores. There are many occupations in the wholesale business, some quite different from any in other kinds of business.

Opportunities exist in the *commission* business, which differs somewhat from the wholesale business in that profits are in the form of a per cent of the returns from the business done. Commission merchants handle goods for other people, taking goods produced by people in other industries and distributing them for a part of the amount received. Some feel that this type of business is of great importance.

Another important industry is known as *public utilities*. Society is served by telephone, telegraph, street-railway, gas and electric-light, and power companies, and all of these are known as public utilities. They serve the public in certain ways and receive certain privileges from the public without which their businesses would not be possible. Some public utilities are owned by taxpayers, while others are owned by individual stockholders. In either type of utility, there are opportunities for employment which should be considered in planning a business career.

Not enough information can be given here to enable you to decide with what industry you wish to be connected; just enough to make you aware of the fact that there are many from which to choose and that a choice should be made at the proper time.

Business Ownership. — Several kinds of business ownership exist. They are distinguished by the following names: (1) Individual proprietorship; (2) Partnership; (3) Corporation. There are a number of other kinds which are really subdivisions or modifications of these three main types.

Individual Proprietorship. — In this kind of ownership, one person has complete ownership and control. Both capital and management are supplied by the one individual. Helpers may be employed, but the owner reserves to himself the right to control the business and to have such profits as may be made. Many small businesses are owned and operated as individual proprietorships. The capital required is relatively small, and the management can be handled by one person. Salaried assistants can be secured for such work as the owner cares to turn over to them.

Partnership. — In this type of ownership, two or more persons are under a contract with each other to carry on a business for their mutual profit. By contract, or by general understanding, each may have certain duties to perform and certain responsibilities to carry. Regardless of any restrictions placed upon partners in their contract, a third person, not knowing of those limitations, may assume that any partner has authority to act as if he were operating as an individual proprietor.

Each general partner is liable for the debts of the partnership and for the acts of his partners in connection with the business. Hence one should be very careful in the selection of his partnership associates.

Upon the death of one partner, the partnership ceases. The surviving partner may buy his partner's share of the business, or he may unite with the heir or heirs in a new partnership. A third party may buy the deceased partner's share, and with the consent of the surviving partner or partners, enter the business under a new partnership agreement.

Corporation. — In this type of ownership, a number of people associate themselves together for the purpose of carrying on a business under an agreed name and with the consent of the state. Such an organization has been called an "artificial person," because the corporation, and not its members, is liable for the acts of those who manage its business. Those who invest in a corporation are called *stockholders*. The stockholders elect officers to conduct the business. Usually there are a board of directors, a president, a treasurer, and a secretary. There may be many other officers. Stockholders elect directors. Usually stockholders choose the treasurer, while the board of directors elects a president.

The death of a stockholder does not affect the corporation. The heir of a deceased stockholder, or one to whom a stockholder sells his interest, may come

into the corporation as a stockholder. Thus a corporation may continue indefinitely, regardless of a constantly changing ownership.

A stockholder may sell his stock at any time, while a partner cannot sell his interest in a business without terminating the partnership and making himself liable to his partner, if such sale is contrary to the partnership contract.

Large amounts of capital can be secured for corporate enterprises, because the people who subscribe for stock have no financial liability beyond their investment, because they can sell their interest if necessary, and because they have no management responsibility beyond the election of officers. Thus most large businesses are operated under the corporate form of management. Many small businesses likewise are conducted as corporations because of the many advantages of this form of organization.

Desire for Proprietorship.—Many American young people do not value enough the independence which comes from having one's own business. Foreign-born men come to our country, earn a little capital, and set up in some kind of business for themselves. It may be only a popcorn stand, a peanut wagon, a shoe-repair shop, a shoe-shining parlor, or a candy store. It is, however, an independent business in which they work for themselves, and with growing capital they may expand their businesses until they become large employers of men. More of the spirit which prompts men to launch out for themselves is desirable, and those who have initiative, ability, training, etc., backed by a willingness to make the necessary personal sacrifices, should try to work into a business which, when learned, may lead to a proprietorship instead of to a perpetual employee status.

To secure a proprietary interest in a business, it is not necessary to control all of the business. One who owns a share of a business is a proprietor. If you prefer to work for a corporation, try to save some money and buy stock in the company for which you work. This will give you an additional financial return and a different attitude toward your work. You should not, however, invest in any business without first making sure that your investment will be safe. Consult a banker, if necessary, on this point. Do not assume that the corporation for which you work is a good one in which to invest money. Investigate just as you would before investing in any other company.

Capital Essential to Proprietorship.—The first step in winning financial independence is to accumulate a surplus of money in some way. This cannot be done by living "from hand to mouth." A person who spends all he earns as fast as he earns it, never will fill a very important place in the economic life of his community. When surplus money is invested, it becomes "capital" and earns an income for its owner in the form of interest or profit. Proprietorship

can come to you only through the possession of surplus money which can be used as capital, and this must be acquired in most cases by determining early to establish a plan for saving a part of your earnings and following your plan closely. Do not expect that someone will give you a business all ready to operate. Without the experience gained through building a business, you might make a failure of it, if one were given you. A failure in business would be bad for you, for those dependent upon you, for your creditors, and for the community in which you live. It is better to learn a business "from the ground up," and then you will not be dependent upon those who know more about your business than you do.

How Capital May Be Secured. — There are many ways in which a surplus of money may be obtained. A combination of all these ways produces the most certain results.

1. By earning more than will meet your daily needs. Unless you are unwilling to live according to your income, you should earn more than you need to spend. Thus you will see that your mode of living is quite as important as is the size of your income.

2. By saving some of what you earn regularly. The important thing is that you early establish the saving habit. Put aside a certain amount every pay-day, and let it accumulate. Do not yield to the temptation to spend it until you find something for which it is really worth spending. It is not how *much* you save, but how *regularly* you save, that counts most in succeeding financially.

3. By buying wisely. Do not buy carelessly. Buy what you need, when you need it, but be sure to get your money's worth every time you buy. Learn to know the value of things you buy. Remember that the thing that costs least is not always the most economical. Quality is an important factor in determining the real value of a thing. Determine what you need, decide what you can afford to pay, and buy where you can get the most for your money.

4. By eliminating waste. The American people as a whole are accused of being wasteful. They do not use things in a way that insures the largest return of service for the money they spend. This is true of clothing, food, and other things. You should early form the habit of being thrifty. Do not waste anything. Use everything you own until you have had the maximum of service out of it. This habit will help you save.

5. By practicing economy and guarding against extravagance. What is economy for one person may be extravagance for another. You must learn to distinguish between these two things in a very real sense. "Can I afford it?" is a question you will need to ask yourself often. Having decided that you can, the question, "How much can I afford to pay for it?" remains to be

answered. Upon your replies to these two questions will depend much of your future business success. Again, strict economy does not necessarily mean that you must buy the cheapest article; the more expensive article may be the more economical in the end. However, there is a limit beyond which you cannot afford to go at any particular time. Determine that limit and keep within it.

The above practices not only aid in the accumulation of desired surplus to use as capital, but they assist in building a strong character, which means more than any other possession. Carefully planning your daily activities, practicing that thrift which eliminates useless waste, spending your money thoughtfully, refusing to make extravagant expenditures, and resisting the temptation to do unwise things, all tend to build that sturdy character which will lift you above people who think only of the satisfaction of their immediate wants.

Credit Essential to Proprietorship. — Most businessmen need the use of credit as well as the use of capital. They buy goods on account. This means that someone trusts them. They borrow money at their bank for business purposes. The banker trusts them. They employ people to work for them for a week or a month, paying for their services at the end of that time. Their employees trust them. They rent buildings, paying for them at stated times. The landlord trusts them. They sell goods to their customers with certain guarantees. Their patrons trust them. Confidence plays a large part in running any business successfully. When one is trusted by other people — when others have confidence in one's intention and ability to make good one's promises — one has good credit. This, like capital, is a thing to be desired and striven for early in life. Once acquired, it should be maintained under all circumstances.

How Credit Is Acquired. — To a certain extent, money or other property establishes good credit. People who have money in the bank, a good home of their own, and other property that can be seen, have the foundation upon which to build credit. But an individual may have large worldly possessions and be too dishonest to make good his promises whenever he can avoid doing so. Such a person's credit will be very low in any community where he is known. A person may not be dishonest, but he may let his credit suffer through careless or unbusinesslike financial habits. He may have money but neglect to pay his bills until his creditors take steps to collect them. He may promise to pay a debt at a certain time and then forget to do as he agreed, until he is reminded of his obligation. He may temporarily be without money when a debt is due and fail to go to his creditor to explain matters and ask for an extension of time. All of these things affect his credit or financial standing in his community. When it is said of a man, "His word is as good as his bond," or "His credit is as good as gold," he may be said to have the highest possible credit standing. Integrity,

promptness in meeting obligations, reputation for sound judgment, and many other things, as well as money, help to determine one's credit standing.

Planning a Vocational Career. — To sum up what has been said, the following plan for determining upon a vocational career may be suggested :

First, choose the particular kind of business in which you think you would like to be engaged.

Second, decide upon the kind of work which you would like to do in the business you select.

Third, find out all you can about the requirements of the position for which you decide to prepare.

Fourth, obtain the general and special education which you will need in your chosen field.

Fifth, develop any skills which will be helpful to you in your initial position.

Sixth, acquire much background knowledge about business to help you not only in your first position but also in those to which you may later be promoted.

Seventh, learn all you can about things which lead to success in any kind of economic enterprise.

Eighth, put your plan into operation at once ; in other words, begin the preparation you decide you should make for the calling you have chosen.

You may not be able to choose first the kind of business you wish to enter. Perhaps you cannot decide on the kind of work you would like to do ultimately in that business. You may have to determine first the work you wish to do at the outset in your business career and let the choice of business and ultimate goal wait.

Sometime during your early high-school years you may decide that you would like to enter business through the bookkeeping, stenographic, clerical, or selling door. By the time you are ready for your first position, you may have decided upon the later and more important position to which you hope to be promoted — advertising manager, sales manager, accountant, buyer, office manager, etc. By that time, also, you may have become interested in some kind of business — banking, merchandising, insurance, transportation, etc. The order in which these choices are made is unimportant. That the three choices — initial position, promotional position, and kind of business — will have to be made, *is* important.

Remember that a planned economic career is more likely to be successful than one which is left to chance. Do not just wait for something to occur that

will interest you and give you an opportunity for the exercise of your particular talents.

Personal Traits. — Before leaving this subject, it should be emphasized that more people fail in business because of the lack of certain personal traits than fail because of the lack of either general education or special training. If you are not the right kind of person to succeed in business, you will not succeed, regardless of the kind of education you receive or the kind of opportunity which is made available to you.

In most worth-while positions, you will have to work with others. Sometimes you will work with people on the same level of employment as yourself; at other times, you will work with people on levels above your own; at still other times, you will work with people on levels below your own. Regardless of your relationship to those with whom you work, it will be necessary for you to possess certain personal traits if you are to succeed in your relations with others. You must do everything in your power to find out what personal traits will be most helpful to you and how these traits can be developed. Every successful worker has learned how to get along with people. Those who do not learn how to do this usually fail.

One of the best bits of advice that can be given to young people who are starting out in business is the following: "Try to see the other fellow's job and to interpret it sympathetically." Each worker must remember that it is not his work alone which will make a business successful; it is the work of all who are employed in it. There must be give-and-take; mutual understanding is necessary. Consideration for the rights of others and the opinions of others will go a long way toward enabling us to work in harmony with those who are associated with us in any business enterprise.

Early in this course, your attention was called to the importance of personal traits in economic life. It is hoped that you have been able to increase the amount of each of these traits which you possessed at the outset and that you will continue improving your personality throughout the years.

Income from Employment. — There are many ways in which people receive income from their employments. Some are paid in the form of wages, others in the form of salary, others in the form of commissions, and still others in the form of a share in the profits of the business.

The term *wages* usually is applied to income which is received in the form of so much per day or hour, or so much a week for work actually done. *Salaries* generally are paid by the week or month or by some longer period. Wage earners usually are paid according to the number of hours worked or the amount of work done, while those who work for salaries generally receive a stipulated

amount without regard to the actual amount of work done and often with less care as to the actual number of hours worked. Salaried employees, however, usually work a certain number of hours a day and a certain number of days a week. They have vacations for which they are paid, while wage earners rarely do.

It is not necessary to discuss these various methods of payment at any length. The important thing to emphasize at this point is the fact that for those who hope to succeed in the business world, the salary or wage obtained at the outset is of less importance than is the opportunity for advancement and the chance to learn much about a business. It is not the position paying the highest salary or wage at the outset which always is the best. Frequently positions paying very little at first are much more desirable because of the opportunities for advancement which they assure to workers. Do not be too much concerned about the wages you are able to earn at the beginning, but be very much interested in the opportunities for advancement which you will have.

Living Wage. — There is a determined effort on the part of our government at the present time to see to it that all workers receive a wage which is satisfactory from the standpoint of the maintenance of a reasonably high standard of living. In other words, the government desires that every individual worker shall receive enough for his labor to enable him to live decently. Because of this fact, in many cases *minimum* wages have been established either by law or by agreement among employers.

Relation between Work and Wages. — It may be stated that in some positions, a worker has something to say about the wages or salary which he will obtain. For example, the salesman knows exactly how much his service is worth to his employer. He knows, generally speaking, how much profit is made on his sales. It is possible for him to indicate the salary which he expects. An employer is not likely to discharge him if a good profit is being made from the sales he makes. On the other hand, workers in an office are paid a salary for bookkeeping, shorthand, typing, or some other kind of service. It is very difficult for such a worker to know just how much his service is worth to his employer. It will be necessary for him to accept what is offered, and when this amount is unsatisfactory, to seek employment elsewhere if his employer is unwilling to increase the amount. The reason why this is mentioned here is to show you that in choosing an occupation, as far as your income is concerned, you should try to pick one in which the value of your work to your employer will be readily apparent to you as well as to him.

Wise Use of Income. — For the great majority of people, the only income they receive is in the form of wages or salary. The whole purpose of the course you are now studying is to enable you to make the most of the income which

you have or will have. No one can support his family decently on less than a reasonable amount ; however, there is a wide difference between what one person can do with a given salary and what another person can do with the same salary. One may be thrifty and the other may be wasteful. One may be careless in the spending of his money, while the other may be exceedingly careful. One may know values and therefore get a full return for every dollar spent, while the other may not know values and be imposed upon every day.

No matter how much salary or wage some individuals receive, it seems impossible for them to make both ends meet, and they always are in financial difficulty. This need not be so. Nearly everyone can learn how to use money advantageously and economically. Given a reasonable income in the form of wage or salary or other return for services rendered, it should be possible not only to make both ends meet but also to save for the future.

Any salary or wage which does not permit decent living and regular saving is too low. Something should be done about it. There is reason to believe that in the future wages and salaries will be adjusted a little more definitely to the cost of living. Even then it will be necessary for the individual worker to learn all he can about the use of money and to exercise reasonable care in the use of what he earns.

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Are these statements true?

1. The first position one secures is likely to be one that should be held permanently.

2. All a young person needs to do in school is to decide on the kind of work he wants to do when he graduates.

3. The position which pays the largest salary is sure to be the best one to accept at graduation.

4. A large salary brings contentment in one's occupational life.

5. Some people work best alone ; others do their best work with other people.

6. There always is room at the top ; hence when choosing a vocation, one need not consider how many others are interested in or prepared to enter it.

7. Because many others have succeeded in a certain kind of work is sufficient reason for you to believe that you, too, can succeed in that kind of work.

8. New occupations may be better than older ones.

9. Occupations which require little preparation are best.

10. It pays to prepare for difficult work even at considerable expense of time and money.

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What is meant by

1. Initial-contact job?
2. Levels of employment?
3. Promotional opportunity?
4. Steppingstone position?

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Good advice

Suppose that you have a friend who has just written you as follows: "I have just finished a junior business-training course in Junior High School and have decided upon a business career. I am going to a private school to prepare to be a stenographer. I shall have to learn shorthand and typewriting. I think I can get through these subjects in about 30 weeks. Then I am going to leave school and get a job. You should come along with me and not waste your time in senior high school."

Write a letter in which you will set forth your own views on the subject of choosing and preparing for a vocation. Select any name and address for your letter. Make it fairly complete but not too long.

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Can you tell

1. The kinds of business mentioned in this unit and explain in a general way what service is rendered to society by each?
2. The three kinds of business ownership and in what important ways each differs from the other?
3. Why one should be careful in choosing a partner for his business?
4. Why most large business concerns are corporations?
5. Why the desire to have a financial interest in a business is a good thing and often helps one to succeed in his lifework?
6. What is meant by *capital*? How it is obtained? Think of several ways.
7. The eight steps in planning a vocational career?
8. When you should try to decide upon the kind of work you will want to do at the outset in your business career, if you choose such a career?
9. What kinds of work in business may be open to you when you complete your high-school education, if you decide not to go farther in school?
10. Why planning a vocational career is better than waiting for chance to put one in the way of earning a living?
11. Why personal traits have much to do with one's success in vocational life?
12. The difference between *wages* and *salary*?

13. Why the amount of the first wage or salary you will get is relatively unimportant?

14. What is meant by *minimum wage* and why our government is concerned about the amount of such wage in all kinds of industrial, commercial, and agricultural pursuits?

15. Why an individual's income from salary or wages does not necessarily indicate how well he may live or how much he will save for his later years?

16. What wage or salary is too low?

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Words that you should know how to spell and use. Do you? How can you be sure?

- | | | |
|----------------|-----------------|---------------------|
| 1. accountant | 13. eliminating | 25. proprietorship |
| 2. adjusted | 14. executive | 26. pursuit |
| 3. advancement | 15. foreman | 27. requisite |
| 4. bookkeeping | 16. foundation | 28. retail |
| 5. buyer | 17. hence | 29. shorthand |
| 6. clerical | 18. initial | 30. solicitor |
| 7. contentment | 19. junior | 31. subexecutive |
| 8. continual | 20. level | 32. superintendent |
| 9. deceased | 21. mining | 33. sympathetically |
| 10. decently | 22. ownership | 34. terminate |
| 11. director | 23. partnership | 35. trying |
| 12. discourage | 24. promotional | 36. typing |

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1. Prepare a form like the following, using a full sheet of paper :

OCCUPATIONS	OCCUPATIONAL LEVELS		
	Clerical	Subexecutive	Executive
1. Messenger	✓		

Write the names of the following occupations in the column at the left of this form, and then place a check (✓) opposite each occupation in the column which most nearly indicates on what level of commercial employment it should be listed. For example, the first occupation is *messenger*. This clearly is a clerical position. The check is placed in the *clerical* column. Proceed in the same way with the others in the list.

- | | |
|--------------------------------|-----------------------------------|
| 1. Messenger | 11. Assistant shipping clerk |
| 2. Stenographer | 12. Receiving clerk |
| 3. Typist | 13. Stock clerk |
| 4. Assistant bookkeeper | 14. Dictating machine transcriber |
| 5. Head bookkeeper | 15. Cashier (grocery store) |
| 6. Supervisor of stenographers | 16. Cashier (bank) |
| 7. Office manager | 17. Billing clerk |
| 8. General manager | 18. Inventory clerk |
| 9. Credit manager | 19. Company president |
| 10. File clerk | 20. Dept. superintendent |

2. Early in this course, your attention was drawn to the need for the development of good personality traits. You were asked to rate yourself at the outset on the various traits discussed and to rerate yourself occasionally as the course progressed.

- (a) Rate yourself now, at the conclusion of the course.
- (b) Ask your teacher for a rating, and compare it with your own.
- (c) Ask a classmate who knows you well to rate you on the traits discussed. Then compare this rating with the other two.
- (d) Write a short statement in which you will indicate your strong traits and your weaker ones and the steps you should take to strengthen the weaker ones.

3. If you have not already done so, look over the high-school program of study, and note the courses which are open to you.

- (a) Have you decided which courses you should take next? If not, do so as soon as possible.
- (b) What shall you take into consideration in reaching a final decision as to which courses to take next?
- (c) Are you ready to decide on your first vocational goal? If so, what is it? If not, why?
- (d) What studies in the program next year should give you the most help in the direction of a still better understanding of the true meaning of economic living?

4. Write a brief report in which you will tell how you have already practiced the principles taught in this course, how you may continue to use its lessons in your daily life, and how this course should help you achieve the goal of economic security in years to come.

Some Good Resolutions

1. I will try to put into practice all the principles of economic living which I have learned in this course.

2. By giving careful attention to my simple business affairs in early life, I will establish sound habits of economic living which will endure through my whole life.

3. I will try to be careful about even small economic matters without becoming stingy, miserly, or selfish.

4. I will try to get my money's worth when I spend it, by learning the true value of what I am obtaining in goods or services before I seal a bargain.

5. I will try hard to distinguish clearly between the things I really *need* and the things I merely *want*, so that I may use my financial resources, be they large or small, to the best advantage.

6. I will take no unfair advantage of another in a business transaction, even though there may be temporary economic advantage in doing so.

7. I will try to know myself well enough to understand my weak traits and my strong traits and will leave no stone unturned until I shall have become strong where I am weak and stronger where I am strong.

8. I will not be content with preparation for an immediate job at graduation but will look ahead and plan for achievement well above that initial goal.

9. I will try to plan my vocational life in such a way as to enable me to make proper preparation for it, to render the best possible service to my fellow men through it, to obtain the greatest possible happiness from it, and to achieve economic security by means of it.

10. I will try to deserve the economic security which I will work hard to achieve, because of the service which I shall render others through the work I do.

11. I will remember that real success in life cannot be measured in dollars and cents and will strive for more satisfying and lasting rewards of service.

12. I will remember at all times that I am a member of many social groups and will never let my own selfish interests or desires stand in the way of service to others.

13. I will always be willing to share my economic resources with others when it is right that I should do so.

14. I will not live a hand-to-mouth economic life but will render service to others as I go along, and at the same time I will try to keep from becoming one of the great army of people who at sixty-five years of age are dependent upon others and have no economic security.

15. I will try to understand that, strive as they will, some will fail to lay aside enough for their needs in later life, and therefore, that I should favor old-age assistance from the government when necessary to provide reasonable economic security for worthy people who have failed to achieve directly for themselves. I will try to be a "good neighbor" as well as a good businessman or businesswoman.

PART XI
BUSINESS CALCULATIONS

It is not intended to include in *Business Calculations* a complete course in business arithmetic. You have studied arithmetic and should not need more than a little review of the more common principles used in everyday personal computations. If you did well in your previous course in arithmetic, you should need very little review at this point.

Simple instructions are given for doing the kind of calculating required in such elementary business courses as junior business training and first courses in bookkeeping, together with a few illustrative problems for testing your understanding of the procedures explained, and an adequate amount of practice material to facilitate habit-formation in figure work.

Study the explanations given. When you are satisfied that you understand them, practice on the illustrative problems. If you need further practice, your teacher will provide additional problems for your use. If you have no trouble with those given, you should be able to go ahead with the work which caused you trouble and complete it as is required.

READING AND WRITING NUMBERS

Care in Reading Numbers. — More care is required in reading numbers than in reading words. We read words without thinking of the separate letters in them. As a consequence, when a simple word is misspelled, one who examines the work may read the sentence correctly and not see the error. So it is with figures. One is likely to read them incorrectly even though they are written correctly, or to read them correctly even though they are written incorrectly. Frequently "51 cents" is copied as "50 cents." A person who makes this mistake probably glances at 51 as in reading a word, and as it looks somewhat like 50, a number frequently used in business, it is copied incorrectly. In reading numbers, one should look at them *figure by figure* as one spells words, rather than to try to take in all the figures of a number at a glance.

Care in Writing Numbers. — A word containing one badly written letter may be read without trouble because of its meaning in the sentence, but a number that has one illegible figure cannot be read. A person should not allow himself to form the habit of making any figure so that it is likely to be mistaken for another.

Common Errors in Copying Numbers. — 1. Doubling the wrong figure where one of three figures is doubled. Writing 774 for 744; 118 for 188.

2. Inverting figures. Writing 78 for 87; 568 for 658.

3. Writing figures for cents in the dollar column, or vice versa.

4. Using a wrong number of 0's in writing a number.

A company in Cuba ordered 700 tons of material from Michigan. It was listed as 7,000 tons and the duty paid out was \$200 too much.

5. Writing a familiar number instead of an unfamiliar one; as 50 for 51; 25 for 23, etc.

6. Omitting an item of a list, or copying an item twice. To detect this mistake, the items in the list from which the copy is made and the items in the copy should be counted and checked.

Reading Back Numbers. — In many places of business where numbers are copied from dictation, they are read back to avoid mistakes. For example, a tailor measuring a person for a suit, calls out measurements to a clerk who writes them and calls back the numbers as they are heard.

A Precaution. — In copying from one paper to another, it is advisable to read the number while copying it. Then read it from the original to make sure that it has been copied correctly. This takes time, but it saves time in the end.

ADDITION PRACTICE

Repetition Necessary. — Speed and accuracy in adding whole numbers can be acquired in the shortest time by wide-awake practice on problems that contain the various combinations of numbers.

When learning to play a piano a pupil repeats an exercise until he can do it well. In learning to use a typewriter a pupil repeats an exercise until he has mastered it. In like manner a pupil who would learn to add by the easiest method should take a problem and repeat it until he can add it at the speed for which he is striving.

PRACTICE EXERCISE 1

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	2	3	4	5	2	3	4	5	3	4	5
8	9	9	7	8	7	8	5	9	9	7	6
9	2	2	6	9	8	2	7	1	2	4	5
5	7	4	8	2	5	1	6	8	2	1	2
4	4	8	5	5	3	8	9	3	1	1	4
7	3	1	3	1	4	1	2	2	4	7	5
4	5	8	8	5	8	6	7	1	5	8	9
5	4	5	5	9	4	9	1	5	2	8	5
9	6	4	2	2	4	6	2	3	9	3	3
5	9	8	1	5	1	8	2	7	1	7	3
1	4	1	1	2	8	9	7	4	3	6	9
2	1	1	2	9	8	4	3	8	7	6	8
9	1	3	3	2	5	1	4	7	7	1	5
5	8	9	5	4	2	3	4	3	5	8	7
9	4	4	3	7	9	4	1	2	8	6	1
3	1	2	4	2	4	3	6	3	9	7	3
1	3	8	8	7	2	6	7	8	4	1	3
1	8	5	1	1	1	5	9	1	1	5	2
5	9	6	7	5	8	5	3	8	8	4	4
1	3	1	8	6	2	2	4	4	6	1	5
6	7	8	9	4	6	7	8	9	6	7	8

PRACTICE EXERCISE 2

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
7	4	5	6	5	6	7	6	7	7	8	9
8	5	6	7	6	5	1	3	4	4	1	2
3	7	9	2	9	6	8	5	8	7	3	3
6	4	1	4	1	6	9	2	9	3	6	9
3	5	1	2	2	3	2	8	5	9	9	8
4	1	7	3	1	4	7	9	1	8	2	1
9	8	4	4	6	2	1	3	2	1	7	9
7	6	9	3	7	7	6	8	1	7	4	6
1	8	6	6	9	6	8	5	5	4	1	4
2	2	3	6	8	7	1	9	7	5	8	1
1	3	5	6	9	6	9	7	3	2	2	3
8	8	8	3	2	2	3	1	6	2	2	9
7	1	2	6	3	2	3	1	5	2	6	7
8	7	5	1	6	6	6	6	7	9	9	2
1	6	3	5	3	5	1	6	2	7	4	9
7	6	5	9	6	2	5	2	4	3	7	7
1	7	4	7	7	9	7	5	8	6	7	1
5	3	1	2	1	6	2	6	5	3	9	5
4	2	7	6	3	2	7	1	3	8	1	2
3	3	4	6	2	3	9	4	4	1	2	9
7	7	9	9	8	9	2	9	9	8	9	2

Columns always should be added from both top and bottom. To begin twice from the same place will not give the same degree of accuracy as it will to change the starting point. When a mistake is made, there is a tendency to repeat it since the same figure combinations are met the second time over.

In adding columns name only the totals. For example, in column (1) of Practice Exercise 1, when adding from the bottom, say, "seven, twelve, thirteen, etc." Keep your pencil pointing to the figures as you add the columns, but do not put the point down on the paper. This book, as well as any book used in an office, should be entirely free from unnecessary pencil marks when the addition is completed.

Add column (1) in Practice Exercise 1 until you can add it correctly from either top or bottom in twenty seconds or less. Do not add column (2) until you can do this, regardless of how long it takes. After you have mastered column (1), practice on column (2). When you can add column (2) at the desired rate of speed, go back to column (1) and review it so that you are sure

of both (1) and (2). Then add the remaining columns, one at a time, reviewing those previously studied after each new one has been mastered, until you have mastered them all.

Stopping to think is the principal cause of slow adding and mistakes. Do not try to go too fast, but keep moving. Add a problem from either top or bottom until you can do it well; then add it from the other end in the same manner. If you come to a combination that stops you, find out what it should be and repeat it to yourself just as you studied the multiplication table. For example, suppose that you come to a place in a problem where the total is 27 and the next figure is 8, and you cannot tell the result quickly. Say to yourself at least a dozen times, 27 and 8 are 35. Then go over the problem a number of times, so that you can add the combination easily.

Add the columns in Practice Exercise 2, using the same method as in Practice Exercise 1.

Recording Carried Numbers. — Columns always should be added from both top and bottom to insure correct results. To know that the two results agree, it is necessary to record the part of the answer that is to be carried to the next column. The carried figures are written very small above the column to which they are carried. This method may be used to advantage in most record work. A sharp pencil should be used when adding, and the answer should be written very small under the column as is shown in the illustration. Adding in this manner is called "pencil footing." When we are sure that the pencil footing is correct, we write the answer in ink.

664
2764
3895
4987
1654
8942
4785
6297
2762
5387

Adding Two Figures at a Time. — Those who can add well one figure at a time, may be able to add more easily and rapidly by adding two or more figures at a time.

41473
41473

Two figures may be easily combined in adding when their sum is 10, or when the total to which they are added is 10 or a multiple of 10.

Rapid and accurate addition depends largely on concentration after the figure combinations are learned. Try hard not to let any thoughts crowd the figures out of your mind when adding. Adding rapidly helps to improve concentration, but you must not try to add too rapidly at first. Try to increase your speed from day to day by careful practice.

Columns (1), (2), and (3) of Practice Exercise 3 contain all the possible combinations of two figures which when added together make 10. The remaining problems contain places where the total is a multiple of 10.

Add these slowly until you are sure that you get all the easy combinations and then work for speed, making other combinations where possible.

PRACTICE EXERCISE 3

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
4	6	9	5	7	4	6	8	3	5
7	5	4	6	2	7	5	3	5	7
1	5	8	7	4	1	4	4	2	2
9	2	2	2	6	5	7	5	9	4
2	5	5	4	7	3	8	3	6	6
5	1	1	5	4	5	4	9	5	6
6	4	6	4	7	8	8	7	6	3
2	6	2	2	8	7	5	4	7	9
8	3	7	5	3	6	5	7	5	7
4	5	3	7	1	2	2	4	3	1
9	9	4	2	1	4	6	5	6	4
3	1	4	5	6	7	7	7	3	9
7	8	6	3	7	1	9	4	2	7
4	4	4	6	2	4	4	6	7	4
5	7	8	7	4	5	2	8	4	5

MULTIPLYING COMMON AND DECIMAL FRACTIONS

In checking a monthly meat bill, grocery bill, or other similar bills, and in many everyday measurements and transactions, it is necessary to use *halves*, *fourths*, and *eighths*.

An article sells at $5\frac{3}{8}\text{¢}$ a pound. A cut of meat weighs 4 lb. and 14 oz., or $4\frac{7}{8}$ lb. The measurement of a distance between two points is 8 ft. and 6 in., or $8\frac{1}{2}$ ft. 54 plants ($4\frac{1}{2}$ doz.) at 80¢ a doz. are needed for the flower bed. There are many such problems and one should be able to solve them rapidly and accurately.

1. Find the cost of 150 lb. of sugar at $5\frac{3}{8}\text{¢}$ a pound.

$$\begin{array}{r}
 150 \\
 \$0.5\frac{3}{8} \\
 \hline
 750 \\
 56\frac{1}{4} \\
 \hline
 \$8.06\frac{1}{4}
 \end{array}
 \qquad
 \begin{array}{l}
 .05 \times 150 = 7.50 \\
 .00\frac{3}{8} \text{ of } 150 = .56\frac{1}{4} \\
 \hline
 8.06\frac{1}{4}
 \end{array}$$

You are taught in arithmetic that the multiplicand (the number multiplied) may be a denominate number (one with a name), while the multiplier always must be an abstract number (one without a name), and that the answer will be the same as the multiplicand.

In example 1 above, the reasoning would be this: Since one pound costs $5\frac{3}{8}\text{¢}$, 150 lb. will cost 150 times as much, or $150 \times \$0.5\frac{3}{8} = \$8.06\frac{1}{4}$. However,

in actual practice we multiply the larger by the smaller number for convenience. Thus $5\frac{3}{8}$ times 150, instead of 150 times $5\frac{3}{8}$. We know the answer is going to be a little more than \$7.50 ($.05 \times 150$), and that it is dollars and cents.

2. Find the cost of $19\frac{7}{8}$ lb. meat at 55¢ a pound.

$$\begin{array}{r} \$.55 \\ 19\frac{7}{8} \\ \hline 495 \\ 55 \\ 48\frac{1}{8} \\ \hline \$10.93\frac{1}{8} \end{array}$$

$$\begin{array}{r} 19 \times .55 = \$10.45 \\ \frac{7}{8} \text{ of } .55 = .48\frac{1}{8} \\ \hline \$10.93\frac{1}{8} \end{array}$$

In example 2 above, the reasoning really would be as follows: Since one pound costs 55¢, $19\frac{7}{8}$ lb. will cost $19\frac{7}{8}$ times as much, or $19\frac{7}{8} \times 55¢ = 10.93\frac{1}{8}$. Drop $\frac{1}{8}$ of cent, as it is less than half a cent.

PRACTICE EXERCISE 4

Find the cost of the following:

- | | |
|--|--|
| 1. 8 lb. sugar at $5\frac{1}{4}$ ¢ a pound. | 5. $4\frac{3}{4}$ lb. beef at 45¢ a pound. |
| 2. 12 lb. sugar at $5\frac{3}{4}$ ¢ a pound. | 6. 8 lb. 6 oz. veal at 67¢ a pound. |
| 3. 6 lb. sugar at $6\frac{5}{8}$ ¢ a pound. | 7. 5 lb. 14 oz. lamb at 58¢ a pound. |
| 4. 8 lb. sugar at $6\frac{7}{8}$ ¢ a pound. | |

Common Errors. — The most common errors in making a bill are (a) placing the decimal point incorrectly and getting too many or too few figures in the answer, (b) failing to use a figure of the number multiplied, and (c) failure to keep figures in straight columns. Such mistakes may be detected by comparing the answer with an answer that is easily obtained and is near the one you want. For example, 96 articles at $87\frac{1}{2}$ cents each will cost \$84. 96 articles is nearly 100 and you should have no trouble in multiplying mentally by 100. Should you place the point incorrectly and get \$8.40 or \$840 instead of \$84, you should detect it at once by comparing it with the cost of 100 articles at $87\frac{1}{2}$ cents, which is \$87.50; \$84 is less than \$87.50 but near it as it should be. It is seen that \$840 or \$8.40 are too far from \$87.50 to be correct. To use this method you should be able to make mental multiplications by 10, 100, or 1,000 easily and accurately.

To multiply a whole number by 10, 100, 1,000, etc., add as many 0's to the multiplicand as there are 0's in the multiplier.

Illustrations

$$\begin{array}{rcl} 395 \times 10 & = & 3,950 \\ 624 \times 100 & = & 62,400 \\ 45 \times 1,000 & = & 45,000 \end{array}$$

To multiply a decimal by 10, 100, 1,000, etc., move the decimal point as many places to the right as there are 0's in the multiplier, annexing ciphers when necessary.

Illustrations

$$\begin{aligned} 3.246 \times 100 &= 324.6 \\ 2.45 \times 1,000 &= 2,450 \\ 89.70 \times 1,000 &= 89,700 \end{aligned}$$

To multiply a mixed number by 10, 100, 1,000, etc., reduce the common fraction to a decimal and move the point; or annex to the whole number, the product of the fraction and the multiplier, prefixing ciphers when necessary in order to have as many figures in the part annexed as there are ciphers in the multiplier.

Illustrations

$$\begin{aligned} 27\frac{1}{4} \times 100 &= 2,725 \\ 8\frac{1}{5} \times 100 &= 804 \\ 17\frac{1}{12} \times 100 &= 1,708\frac{1}{3} \end{aligned}$$

PRACTICE EXERCISE 5

Multiply:

- | | | |
|-----------------------------|------------------------------|-------------------------------|
| 1. 47 by 10 | 21. 24.65 by 10 | 41. 11.45 by 10 |
| 2. 2.46 by 10 | 22. 14.32 by 1,000 | 42. 24.75 by 100 |
| 3. $8\frac{1}{2}$ by 10 | 23. 17 by 100 | 43. 16.32 by 1,000 |
| 4. $6\frac{1}{4}$ by 10 | 24. 1635 by 10 | 44. $.12\frac{1}{2}$ by 10 |
| 5. $7\frac{1}{8}$ by 10 | 25. .008 by 100 | 45. $.16\frac{2}{3}$ by 1,000 |
| 6. 39 by 100 | 26. 7.4 by 10 | 46. 1.25 by 10 |
| 7. 1.342 by 100 | 27. $8\frac{1}{2}$ by 100 | 47. 32.08 by 10 |
| 8. 17.5 by 100 | 28. $7\frac{1}{4}$ by 100 | 48. $.02\frac{1}{2}$ by 10 |
| 9. $9\frac{1}{2}$ by 100 | 29. $15\frac{1}{2}$ by 10 | 49. $.07\frac{1}{2}$ by 1,000 |
| 10. $4\frac{1}{4}$ by 100 | 30. $24\frac{1}{2}$ by 1,000 | 50. $.03\frac{1}{4}$ by 100 |
| 11. $7\frac{1}{8}$ by 100 | 31. 7.43 by 10 | 51. $1.62\frac{1}{2}$ by 10 |
| 12. $5\frac{3}{8}$ by 100 | 32. $42\frac{1}{8}$ by 1,000 | 52. $1.12\frac{1}{2}$ by 100 |
| 13. 143 by 1,000 | 33. 45 by 100 | 53. $.08\frac{1}{3}$ by 100 |
| 14. .4136 by 1,000 | 34. 1.837 by 10 | 54. $.03\frac{1}{3}$ by 10 |
| 15. 724.5 by 1,000 | 35. .0009 by 100 | 55. $.06\frac{2}{3}$ by 1,000 |
| 16. $8\frac{1}{2}$ by 1,000 | 36. $50\frac{3}{8}$ by 100 | 56. $.03\frac{3}{4}$ by 1,000 |
| 17. $7\frac{1}{4}$ by 1,000 | 37. $72\frac{5}{8}$ by 1,000 | 57. $.01\frac{1}{4}$ by 10 |
| 18. $3\frac{1}{8}$ by 1,000 | 38. $25\frac{7}{8}$ by 10 | 58. $.87\frac{1}{2}$ by 1,000 |
| 19. $6\frac{7}{8}$ by 1,000 | 39. .00007 by 1,000 | 59. $.62\frac{1}{2}$ by 10 |
| 20. 3.476 by 1,000 | 40. 147.6 by 10 | 60. $.37\frac{1}{2}$ by 100 |

Billing Calculations. — Practice finding the cost of any number of articles at 1¢, 10¢, \$1, \$10, etc., until you can do it quickly and accurately.

PRACTICE EXERCISE 6

1. 46 yd. at \$ 10.00	16. 700 yd. at \$.10
2. 42 yd. at .01	17. 800 yd. at 10.00
3. 45 yd. at .10	18. $17\frac{1}{2}$ yd. at .10
4. 43 yd. at 1.00	19. $27\frac{1}{4}$ yd. at 1.00
5. 27 yd. at .01	20. $43\frac{3}{4}$ yd. at 10.00
6. 75 yd. at .10	21. $3\frac{1}{2}$ yd. at 10.00
7. 32 yd. at 100.00	22. $4\frac{1}{4}$ yd. at 1.00
8. 342 yd. at .01	23. $7\frac{1}{2}$ yd. at .10
9. 746 yd. at .10	24. $5\frac{3}{4}$ yd. at 1.00
10. 694 yd. at 1.00	25. $4\frac{3}{4}$ yd. at 10.00
11. 387 yd. at .01	26. $8\frac{3}{4}$ yd. at .10
12. 964 yd. at 10.00	27. $3\frac{1}{8}$ yd. at 1.00
13. 742 yd. at .10	28. $4\frac{3}{8}$ yd. at .10
14. 300 yd. at 1.00	29. $5\frac{5}{8}$ yd. at 1.00
15. 600 yd. at .01	30. $6\frac{7}{8}$ yd. at 10.00

Practice finding the cost of 10, 100, 1,000, etc., articles at various prices until you can do it quickly and accurately.

PRACTICE EXERCISE 7

1. 100 yd. at \$ 1.24	16. 100 yd. at \$ $.72\frac{3}{4}$
2. 1,000 yd. at .32	17. 1,000 yd. at $.05\frac{3}{8}$
3. 10 yd. at .47	18. 1,000 yd. at $1.08\frac{5}{8}$
4. 100 yd. at .08	19. 100 yd. at $1.24\frac{7}{8}$
5. 100 yd. at .72	20. 10 yd. at $2.44\frac{1}{2}$
6. 10 yd. at 1.35	21. 100 yd. at 0.17
7. 1,000 yd. at .08	22. 1,000 yd. at $.03\frac{1}{2}$
8. 1,000 yd. at 1.45	23. 10 yd. at $1.67\frac{1}{2}$
9. 10 yd. at 2.65	24. 10 yd. at 13.15
10. 10 yd. at 24.75	25. 100 yd. at $.03\frac{1}{3}$
11. 100 yd. at $.02\frac{1}{4}$	26. 100 yd. at $2.18\frac{3}{4}$
12. 10 yd. at $.05\frac{1}{2}$	27. 1,000 yd. at .09
13. 1,000 yd. at $.03\frac{3}{4}$	28. 1,000 yd. at $.27\frac{1}{2}$
14. 100 yd. at $.23\frac{1}{8}$	29. 100 yd. at 15.50
15. 10 yd. at $.26\frac{2}{3}$	30. 10 yd. at $.01\frac{1}{2}$

When the price is a number of cents, or dollars and cents, and there are two ciphers that may be dropped from the number of articles or from the price, or one from each, drop the two ciphers and the answer of the multiplication will be dollars. Thus 60 articles at 30¢ each will cost \$18 (6×3).

PRACTICE EXERCISE 8

- | | |
|----------------------|--------------------|
| 1. 40 yd. at 20¢ | 16. 60 yd. at 40¢ |
| 2. 80 yd. at 60¢ | 17. 120 yd. at 90¢ |
| 3. 300 yd. at 12¢ | 18. 140 yd. at 20¢ |
| 4. 60 yd. at \$1.20 | 19. 160 yd. at 30¢ |
| 5. 90 yd. at 80¢ | 20. 180 yd. at 40¢ |
| 6. 70 yd. at 50¢ | 21. 50 yd. at 40¢ |
| 7. 400 yd. at 8¢ | 22. 500 yd. at 7¢ |
| 8. 700 yd. at 12¢ | 23. 27 yd. at \$3 |
| 9. 15 yd. at \$3 | 24. 70 yd. at 30¢ |
| 10. 30 yd. at \$1.40 | 25. 90 yd. at 60¢ |
| 11. 70 yd. at 60¢ | 26. 80 yd. at 40¢ |
| 12. 90 yd. at 40¢ | 27. 400 yd. at 15¢ |
| 13. 120 yd. at 80¢ | 28. 200 yd. at 26¢ |
| 14. 110 yd. at 70¢ | 29. 600 yd. at 16¢ |
| 15. 80 yd. at \$4 | 30. 700 yd. at 22¢ |

Prices or numbers of articles are frequently aliquot parts of 10¢, \$1, \$10, etc., and when such is the case, short methods of multiplying should be used, so that answers may be found mentally or with very little calculating on paper.

ALIUOT PARTS

Expressing Part of Something. — There are three common ways of expressing a part of something.

1. Common fraction — $\frac{1}{4}$ of \$40 = \$10 (one fourth of \$40).
2. Decimal fraction — .25 of \$40 = \$10 (25 hundredths of \$40).
3. Rate per cent — 25% of \$40 = \$10 (25 per cent of \$40).

You have learned that “of” when used with numbers in this way indicates multiplication. Before you can use a rate per cent as a multiplier, you must change it to its decimal form; for example, 25% = .25. Always point off two places for per cent, as per cent means *hundredths*.

Fractional Equivalents. — The following table of fractional equivalents should be studied carefully, as it frequently makes everyday calculations easier to change

from one form to the other. It is easier to get $\frac{1}{4}$ of a number than it is to multiply by .25; to get $\frac{1}{3}$ of a number than it is to multiply by $.33\frac{1}{3}$.

$\frac{1}{2}$	.5	50%	$\frac{5}{8}$	$.8\frac{1}{3}$, $.83\frac{1}{3}$, etc.	$83\frac{1}{3}\%$
$\frac{1}{3}$	$.3\frac{1}{3}$, $.33\frac{1}{3}$, etc.	$33\frac{1}{3}\%$	$\frac{1}{8}$	.125	$12\frac{1}{2}\%$
$\frac{1}{4}$	.25	25%	$\frac{3}{8}$	.375	$37\frac{1}{2}\%$
$\frac{3}{4}$	.75	75%	$\frac{5}{8}$	.625	$62\frac{1}{2}\%$
$\frac{1}{6}$	$.1\frac{2}{3}$, $.16\frac{2}{3}$, etc.	$16\frac{2}{3}\%$	$\frac{7}{8}$	.875	$87\frac{1}{2}\%$

To change a common fraction to a decimal, divide the numerator by the denominator.

1. Change $\frac{3}{4}$ to a decimal.

$$\begin{array}{r} 4 \overline{)3.00} \\ \underline{.75} \end{array}$$

2. Change $\frac{1}{12}$ to a decimal of four places.

$$\begin{array}{r} 12 \overline{)1.0000} \\ \underline{.0833\frac{1}{3}} \end{array}$$

When the result of such division does not come out an even number, the quotient is carried to as many decimal places as may be required for the use intended. In 2 above, it will be seen that the answer $.0833\frac{1}{3}$ may be written $.08\frac{1}{3}$ and be completely correct, since no matter how far it is carried beyond the 8 there always will be $\frac{1}{3}$ at the end. Thus $\frac{1}{12}$ and $.08\frac{1}{3}$ are the same.

At the end of a number the fraction may be expressed as a decimal. For example: $8.96\frac{1}{2} = 8.965$; $39.74\frac{1}{4} = 39.7425$; $42\frac{3}{4} = 42.75$.

TABLE OF PARTS

Part	10¢	\$1	\$10
$\frac{1}{2}$	.05	.50	5.00
$\frac{1}{3}$	$.03\frac{1}{3}$	$.33\frac{1}{3}$	$3.33\frac{1}{3}$
$\frac{2}{3}$	$.06\frac{2}{3}$	$.66\frac{2}{3}$	$6.66\frac{2}{3}$
$\frac{1}{4}$	.025	.25	2.50
$\frac{3}{4}$	$.07\frac{1}{2}$	.75	7.50
$\frac{1}{6}$	$.01\frac{2}{3}$	$.16\frac{2}{3}$	$1.66\frac{2}{3}$
$\frac{5}{6}$	$.08\frac{1}{3}$	$.83\frac{1}{3}$	$8.33\frac{1}{3}$
$\frac{1}{7}$	$.01\frac{3}{7}$	$.14\frac{2}{7}$	$1.42\frac{2}{7}$
$\frac{1}{8}$	$.01\frac{1}{8}$	$.12\frac{1}{2}$	1.25
$\frac{3}{8}$	$.03\frac{3}{8}$	$.37\frac{1}{2}$	3.75
$\frac{5}{8}$	$.06\frac{1}{4}$	$.62\frac{1}{2}$	6.25
$\frac{7}{8}$	$.08\frac{3}{4}$	$.87\frac{1}{2}$	8.75
$\frac{1}{9}$	$.01\frac{1}{9}$	$.11\frac{1}{9}$	$1.11\frac{1}{9}$
$\frac{1}{11}$		$.09\frac{1}{11}$	$.90\frac{1}{11}$
$\frac{1}{12}$		$.08\frac{1}{3}$	$.83\frac{1}{3}$
$\frac{5}{12}$		$.41\frac{2}{3}$	$4.16\frac{2}{3}$
$\frac{7}{12}$		$.58\frac{1}{3}$	$5.83\frac{1}{3}$
$\frac{1}{12}$		$.91\frac{2}{3}$	$9.16\frac{2}{3}$

Aliquot Parts of 10¢, \$1, and \$10. — First learn the parts of \$1 so that you will know them as well as you know the multiplication table. Then learn to recognize the parts of 10¢ by dividing the parts of \$1 by 10, and the parts of \$10 by multiplying the parts of \$1 by 10.

(a) Find the cost of 48 yards of cloth at 25¢ a yard.

Explanation: At \$1 a yard, 48 yards will cost \$48; and at 25¢, which is $\frac{1}{4}$ of \$1, they will cost $\frac{1}{4}$ of \$48, which is \$12.

(b) Find the cost of 48 yards of cloth at $2\frac{1}{2}$ ¢ a yard.

Explanation: At 10¢ a yard, 48 yards will cost \$4.80; and at $2\frac{1}{2}$ ¢, which is $\frac{1}{4}$ of 10¢, they will cost $\frac{1}{4}$ of \$4.80, which is \$1.20.

(c) Find the cost of 48 yards of cloth at \$2.50 a yard.

Explanation: At \$10 a yard, 48 yards will cost \$480; and at \$2.50, which is $\frac{1}{4}$ of \$10, they will cost $\frac{1}{4}$ of \$480, which is \$120.

(d) Find the cost of 25 bicycles at \$48 each.

Explanation: 100 bicycles will cost \$4,800, and 25, which is $\frac{1}{4}$ of 100, will cost $\frac{1}{4}$ of \$4,800, or \$1,200.

It will be seen in all the above problems that the answer may be obtained by dividing 48 by 4 and placing the decimal point properly. The proper placing of the point can be determined accurately by deciding what is a reasonable answer. This method should always be used as a proof to avoid incorrect placing of the point.

If you can tell easily the cost of a number of articles at 1¢, 10¢, \$10, or \$100 each, and the cost of 10, 100, or 1,000 articles at any price per article, you can use the one of these that is nearest the price or number of articles of any problem you have solved, and compare the answers to see whether or not you have a reasonable answer.

In the preceding problems (a), (b), and (c) the number of yards is 48, which is about $\frac{1}{2}$ of 100. Using this fact, prove that the answers are reasonable.

PRACTICE EXERCISE 9

Make multiplications mentally and find the totals for each of the following bills:

1	2	3
18 articles at $33\frac{1}{3}$ ¢	36 articles at $83\frac{1}{3}$ ¢	39 articles at $66\frac{2}{3}$ ¢
24 articles at $12\frac{1}{2}$ ¢	56 articles at $62\frac{1}{2}$ ¢	60 articles at 75¢
42 articles at $16\frac{2}{3}$ ¢	88 articles at $9\frac{1}{11}$ ¢	28 articles at $14\frac{2}{7}$ ¢
48 articles at $8\frac{1}{3}$ ¢	72 articles at $87\frac{1}{2}$ ¢	27 articles at $11\frac{1}{9}$ ¢
32 articles at $37\frac{1}{2}$ ¢	84 articles at $8\frac{1}{3}$ ¢	48 articles at $37\frac{1}{2}$ ¢

4	5	6
24 articles at $2\frac{1}{2}\text{¢}$	32 articles at $3\frac{3}{4}\text{¢}$	48 articles at \$2.50
33 articles at $3\frac{1}{3}\text{¢}$	48 articles at $1\frac{2}{3}\text{¢}$	27 articles at $3.33\frac{1}{3}$
48 articles at $1\frac{1}{4}\text{¢}$	64 articles at $6\frac{1}{4}\text{¢}$	32 articles at 1.25
28 articles at $7\frac{1}{2}\text{¢}$	86 articles at 5¢	24 articles at 3.75
18 articles at $6\frac{2}{3}\text{¢}$	24 articles at $8\frac{3}{4}\text{¢}$	54 articles at $1.66\frac{2}{3}$

Fractions of a Cent. — It is evident that one man cannot give another a fraction of a cent, since fractions of a cent are not coined. Therefore, when the amount one man owes another includes such a fraction, it either is dropped or called a whole cent. It is customary to enter no fractions in the money columns of books, bills, etc. The price per article may contain a fraction but not the product that is placed in the money column of the bill. Business houses make their own rules concerning the dropping or adding of fractions, but in your work in this course you will call one-half cent or more a whole cent and drop fractions of less than one-half cent.

(a) Find the cost of 35 yards of cloth at $12\frac{1}{2}\text{¢}$ a yard.

Explanation: At \$1 a yard it will cost \$35, and at $12\frac{1}{2}\text{¢}$, which is $\frac{1}{8}$ of \$1, it will cost $\frac{1}{8}$ of \$35, which is $\$4\frac{3}{8}$ or $\$4.37\frac{1}{2}$, or $\$4.38$ (calling $\frac{1}{2}$ cent a whole cent).

(b) Find the cost of $37\frac{1}{2}$ yards of cloth at 35¢ a yard.

Explanation: 100 yards at 35¢ per yard will cost \$35; and $37\frac{1}{2}$ yards, which is $\frac{3}{8}$ of 100 yards, will cost $\frac{3}{8}$ of \$35, which is $\$13\frac{1}{8}$, or $\$13.12\frac{1}{2}$, or $\$13.13$ (calling $\frac{1}{2}$ cent a whole cent).

Note the fact that if your price is an aliquot part with which you are acquainted and the number of articles does not contain a fraction, or if the number of articles is an aliquot part and the price does not contain a fraction, the fraction of a dollar in the product, if there is a fraction, will be one of the aliquot parts with which you are acquainted. It, therefore, can be easily changed to cents.

PRACTICE EXERCISE 10

Make calculations for the following bills:

1	2	3
17 articles at 25¢	15 articles at 75¢	25 articles at $1\frac{1}{4}\text{¢}$
45 articles at $16\frac{2}{3}\text{¢}$	24 articles at $9\frac{1}{11}\text{¢}$	45 articles at $1\frac{2}{3}\text{¢}$
25 articles at $8\frac{1}{3}\text{¢}$	30 articles at $14\frac{2}{7}\text{¢}$	42 articles at $7\frac{1}{2}\text{¢}$
18 articles at $12\frac{1}{2}\text{¢}$	48 articles at $11\frac{1}{3}\text{¢}$	18 articles at $2\frac{1}{2}\text{¢}$
35 articles at $33\frac{1}{3}\text{¢}$	65 articles at $37\frac{1}{2}\text{¢}$	35 articles at $3\frac{3}{4}\text{¢}$

4	5	6
144 articles at $3\frac{1}{3}\text{¢}$	45 articles at \$2.50	25 articles at 43¢
250 articles at $1\frac{1}{2}\text{¢}$	12 articles at 1.25	125 articles at 49¢
350 articles at $2\frac{1}{2}\text{¢}$	21 articles at 3.75	375 articles at 18¢
125 articles at $1\frac{1}{4}\text{¢}$	15 articles at 6.25	625 articles at 33¢
175 articles at $6\frac{2}{3}\text{¢}$	85 articles at 8.75	875 articles at 14¢

Calculating Cost per Hundred, Thousand, and Ton. — (a) Find the cost of 245 posts at \$80 per C. (\$80 per C means \$80 per 100.)

Explanation: To find the number of C's, the number of posts is 2.45 divided by 100. This is done by pointing off 2 places in 245. If one hundred cost \$80, 2.45 hundred will cost 2.45 times \$80, or \$196.00 \$196. For convenience we multiply the larger by the smaller number.

(b) Find the cost of 1,450 pounds of bran at 90¢ per cwt. (cwt. is the abbreviation for "hundredweight," meaning 100 pounds.)

Explanation: To find the number of cwt., point off two places from the right of 1,450 pounds (this is the same in effect as dividing by 100) and multiply by .90.

(c) Find the cost of 2,450 cigars at \$40 per M. (\$40 per M means \$40 for 1,000.)

Explanation: To find the number of M's cigars, point off three places from the right of 2,450; this is the same in effect as dividing by 1,000.

If one thousand cigars cost \$40, 2.45 thousand will cost 2.45 times \$40, or \$98.

(d) Find the cost of 12,350 lb. of coal at \$14 a ton. (A ton is understood to be the short ton of 2,000 pounds, unless the long ton of 2,240 pounds is indicated.)

Explanation (first method): To find the number of tons in 12,350 lb., point off three places from the right of 12,350 and divide by 2; this is the same in effect as dividing by 2,000. If one ton costs \$14, 6.175 tons will cost 6.175 times \$14, or \$86.45.

Explanation (second method): If a ton (2,000 pounds) costs \$14, $\frac{1}{2}$ of a ton (1,000 pounds) will cost $\frac{1}{2}$ of \$14, or \$7. Point off three places from the right of 12,350 pounds to find the number of "thousand pounds" of coal purchased. If 1 "thousand pounds" cost \$7, 12.35 "thousand pounds" will cost 12.35 times \$7, or \$86.45.

PRACTICE EXERCISE 11

Find the cost of the following :

1. 2,464 posts at \$125.50 per C.
2. 2,750 oysters at 80¢ per C.
3. 1,875 chair-foot rubber caps at \$1.95 per C.
4. 2,850 lb. middlings at \$1.15 per cwt.
5. 6,742 bricks at \$27 per M.
6. 8,450 shingles at \$6.45 per M.
7. 3,467 ft. pine lumber at \$80 per M.
8. 8,250 envelopes at \$8.75 per M.
9. 2,750 lb. coal at \$12.75 a ton.
10. 9,645 lb. coal at \$13 per ton.
11. 3,475 lb. grapes at \$110 per ton.
12. 2,700 lb. fertilizer at \$45 per ton.
13. 2,850 tons fertilizer at \$42.50 a ton.
14. 325 posts at \$95 per C.
15. 245 lb. bran at 85¢ per cwt.
16. 4,725 cigars at \$53 per M.
17. 13,475 lb. coal at \$11.75 per ton.
18. 275 chair-foot rubber caps at \$1.85 per C.
19. 15,250 shingles at \$7.25 per M.
20. 3,425 lb. bran at 96¢ per cwt.

PER CENT ONE NUMBER IS OF ANOTHER

1. To find the per cent 250 is of 500, it is necessary to divide 250 by 500
 $250 \div 500 = 50\%$.

$$\begin{array}{r} 500 \overline{)250.00(.50} \\ \underline{250 } \end{array}$$

2. To find what per cent greater one number is than another, subtract the smaller from the larger and then divide the difference by the smaller of the two original numbers.

- (a) What per cent more is 75 than 25?

$$75 - 25 = 50$$

$$50 \div 25 = 2.00 \text{ or } 200\%$$

A price of 75¢ is 200% more than a price of 25¢.

(b) A baseball player made 38 home runs in 1934 and 46 home runs in 1935. How many more did he make in 1935 than he did in 1934? $46 - 38 = 8$

What per cent more did he make in 1935 than he did in 1934? Put another way this means what per cent of 38 (1934 home runs) is 8 (the number of home runs made in 1935 above those made in 1934)?

$$8 \div 38 = .21$$

$$38)8.00(.21 \text{ or } 21\%$$

$$\begin{array}{r} 76 \\ \underline{40} \\ 38 \\ \underline{2} \end{array}$$

In this case there is a small fraction over, but 21% is near enough for practical purposes when comparing one number with another in everyday personal business transactions.

(c) A girl received an allowance of \$1.50 a week in 1934 and \$2 in 1935. How much more did she receive in 1935 than she did in 1934?

$$\$2 - \$1.50 = \$.50$$

What was the per cent of increase in her allowance?

$$.50 \div \$1.50 = \$.33\frac{1}{3}$$

$$1.50).5000(.33\frac{1}{3} \text{ or } 33\frac{1}{3}\%$$

$$\begin{array}{r} 450 \\ \underline{500} \\ 450 \\ \underline{50} \\ 150 \end{array}$$

Fifty cents does not seem to be much, but $33\frac{1}{3}\%$ seems to be much more.

3. To find what per cent smaller one number is than another, subtract the smaller from the larger number and divide the difference by the larger of the two original numbers.

(a) What per cent less is 25 than 75?

$$75 - 25 = 50$$

$$50 \div 75 = .66\frac{2}{3}$$

A price of 25¢ is a reduction of $66\frac{2}{3}\%$ from 75¢.

If you can solve such problems as these, you should be able to solve similar problems as they are required throughout your courses and in your personal financial experiences.

PRACTICE EXERCISE 12

1. 18 is what per cent of 36?
2. 492 is what per cent of 1,476?
3. 560 is what per cent more than 360?
4. What per cent more than 495 is 680?
5. The price of a hat is reduced from \$5.50 to \$4.50. What per cent is it reduced?
6. The price of a coat is increased from \$25 to \$33.50. By what per cent has it been increased?
7. A family of three spends \$32.50 a month for food, while a family of five requires \$37.50 for food. What per cent more does the latter family require for food?
8. For a family of five \$15 a month is spent on clothing, while a family of two spends only \$10 on this item. What per cent more does the larger family spend for clothing?
9. A family of three with an income of \$250 a month saves \$45 a month. What per cent of income is saved?
10. A family of five with an income of \$250 a month saves \$40 a month. What per cent less does such a family save than does the one in 9 above?
11. What per cent more is a salary of \$150 a month than a salary of \$100 a month?
12. A man with a salary of \$125 gets a raise to \$150. By how much has his income been increased? By what per cent?
13. A man with a salary of \$175 a month is raised to \$200. By how much has his income been increased? By what per cent?

PRACTICE EXERCISE 13

1. Arthur's income is \$12 a week. John's is \$15. What per cent more does John get than Arthur?
2. Wallis batted 36 times during a series of ball games and made 12 hits. What per cent was his batting average?
3. Mary bought a hat for \$4.50, but returned it and took one for \$3. What per cent of her former purchase was her final purchase?
4. What per cent reduction from her former purchase was her final purchase?
5. The cost of meat for a certain family amounted to \$19.80 for the month of January, and \$24.60 for the month of February. What was the per cent of increase in this family's meat bill?
6. Suppose that the bus fare between Boston and New York is \$3.50, and the railroad fare is \$4.60. What per cent more is the railroad fare?

7. John received a grade of 82 on a test and Mary a grade of 92.

(a) What per cent higher was Mary's grade than John's?

(b) What per cent of Mary's grade was John's?

8. Charles has 5 hours each day for study. He devotes 1 hour and 20 minutes to the study of science, 45 minutes to history, 50 minutes to English, 30 minutes to music, and the remainder to mathematics.

(a) What per cent of his time does he devote to each subject?

(b) What per cent more of his time does he devote to science than to English?
To history than to music?

INTEREST

Terms. — Interest is an allowance or compensation given by the borrower to the lender for the use of the lender's money. The amount of interest that a borrower pays depends upon the amount of money he borrows, the length of time he uses it, and the rate of interest he agrees to pay. The amount of money borrowed is called the principal; the rate is a per cent of the principal which is to be paid for the use of the money for one year. If a person borrows \$100 for one year at 6%, at the end of the year he returns the \$100 that he borrowed and also pays 6% of \$100, or \$6.00, for the use of the money.

Sixty-Day Method. — Common interest for a part of a year is figured as if there were 360 days in a year. Two months or 60 days are treated as $\frac{1}{6}$ of a year ($\frac{1}{6}$ of 360 days).

"Interest at 6%" means 6% of the principal for one year. If 60 days are $\frac{1}{6}$ of a year, then the interest for 60 days must be $\frac{1}{6}$ of 6% or 1% of the principal. To find 1% of a number, point off (move the decimal point to the left) two places. Therefore, use the rule that finds common interest at 6% for 60 days by pointing off 2 places in the principal. The interest on \$845 for 60 days is \$8.45.

To find common interest at 6%:

For 6 days point off 3 places in the principal.

For 60 days point off 2 places in the principal.

For 600 days point off 1 place in the principal.

For 6,000 days the interest equals the principal.

The first step in learning to calculate interest easily is to learn the above facts so that they do not become confused when working problems.

After studying the reason for pointing off 2 places to find the interest for 60 days, see if you can give the reasons for pointing off as instructed for 6, 600, and 6,000 days.

In calculating interest begin by writing the interest for 6, 60, 600, or 6,000 days.

PRACTICE EXERCISE 14

Find the interest at 6% on :

- | | |
|-----------------------|------------------------|
| 1. \$400 for 30 days | 11. \$128 for 15 days |
| 2. 250 for 3 days | 12. 640 for 150 days |
| 3. 500 for 12 days | 13. 700 for 240 days |
| 4. 600 for 20 days | 14. 960 for 2 days |
| 5. 325 for 600 days | 15. 300 for 1 day |
| 6. 725 for 6,000 days | 16. 240 for 10 days |
| 7. 840 for 300 days | 17. 840 for 5 days |
| 8. 250 for 3,000 days | 18. 800 for 36 days |
| 9. 800 for 120 days | 19. 400 for 1,200 days |
| 10. 300 for 24 days | 20. 300 for 180 days |

Steps in Solving an Interest Problem. — 1. Decide first the number of days to be used; *i.e.*, 6, 60, 600, or 6,000, according to the problem. For 8 days, 9 days, 18 days, etc., 6 will be used. For 89 days, 35 days, 61 days, etc., 60 will be used. For larger numbers of days 600 or 6,000 will be used, but most ordinary interest problems can be solved by using 6 or 60 days.

2. At the right of the number of days just written, write the principal.

3. Put an \times over the decimal point in the principal and move the point to the left enough places to give the interest for the number of days (6, 60, 600, or 6,000) written opposite.

4. Proceed as is explained in the following illustration.

Problems to Be Solved by Beginning with the Interest for 6 Days :

(a) Find the interest on \$3,325 for 8 days at 6%.

Explanation: By pointing off 3 places we find the interest for 6 days to be \$3.325. Interest for 2 days added to interest for 6 days, gives interest for 8 days. Therefore we next find the interest for 2 days by taking $\frac{1}{3}$ of the interest for 6 days, which gives \$1.1083. (Always carry decimals to 4 places.) The interest for 6 days added to the interest for 2 days gives the interest for 8 days as \$4.4333. Since the fraction of a cent cannot be paid by one person to another and is never put in a money column of a book, the answer is \$4.43.

(b) Find the interest on \$725.35 for 5 days at 6%.

Explanation: By pointing off 3 places, the interest for 6 days is found to be \$.7253. The interest for 1 day is $\frac{1}{6}$ of \$.7253 or \$.1208. The interest for 1 day subtracted from the interest for 6 days is the interest for 5 days, \$.6045, or 60 cents. (The fifth figure to the right of the decimal point is not needed to obtain the accurate result.)

$$\begin{array}{r}
 6 - .7253 \\
 1 - .1208 \\
 \hline
 5 - .6045
 \end{array}$$

(c) Find the interest on \$245.25 for 18 days at 6%.

Explanation: The interest for 6 days is \$.2452, and for 18 days, the interest is 3 times \$.2452, or \$.7356. When the third figure to the right of the decimal point is 5 or more, the fraction is equal to or greater than $\frac{1}{2}$ cent, and is counted as one cent. The answer is 74 cents.

$$\begin{array}{r} 6 - .245 \times 25 \\ 18 - .7356 \end{array}$$

(d) Find the interest on \$740 for 16 days at 6%.

Explanation: The interest for 6 days is \$.74, and for 12 days it is 2 times \$.74, or \$1.48. Since the interest for 6 days is not to be added to the interest for 12 days, a line is drawn under it to prevent adding it, or part of it, by mistake. 4 days is $\frac{1}{3}$ of 12 days. Therefore the interest for 4 days is $\frac{1}{3}$ of \$1.48, or \$.4933. The interest for 4 days added to the interest for 12 days gives the interest for 16 days, \$1.9733, or \$1.97 when the fraction is dropped.

$$\begin{array}{r} 6 - .740 \\ 12 - 1.48 \\ \hline 4 - .4933 \\ 16 - 1.9733 \end{array}$$

Problems to Be Solved by Beginning with Interest for 60 Days:

(a) Find the interest on \$845.25 for 89 days at 6%.

Explanation: Find the interest for 60 days by pointing off 2 places. Find the interest for 20 days by taking $\frac{1}{3}$ of the interest for 60 days. Find interest for 6 days by pointing off 3 places in the principal. Find interest for 3 days by taking $\frac{1}{2}$ of the interest for 6 days. Adding results already found gives interest for 89 days as \$12.5378, or \$12.54.

$$\begin{array}{r} 60 - 8.45 \times 25 \\ 20 - 2.8175 \\ 6 - .8452 \\ 3 - .4226 \\ \hline 89 - 12.5378 \end{array}$$

(b) Find the interest on \$250 for 35 days at 6%.

Explanation: Point off 2 places to find the interest for 60 days. Draw a line under this result, as it is not to be used in finding the final result. Take $\frac{1}{2}$ of the interest for 60 days to find the interest for 30 days. The interest for 5 days is $\frac{1}{6}$ of the interest for 30 days, and the interest for 30 days added to the interest for 5 days equals the interest for 35 days, or \$1.46.

$$\begin{array}{r} 60 - 2.50 \\ 30 - 1.25 \\ \hline 5 - .2083 \\ 35 - 1.4583 \end{array}$$

(c) Find the interest on \$907.76 for 27 days at 6%.

Explanation: Point off 2 places for the interest for 60 days. Draw a line under this answer, as it is not to be used in getting the final result. Find interest for 30 days by taking $\frac{1}{2}$ of the interest for 60 days. Find the interest for 3 days by moving the figures of the answer for 30 days one place to the right, thus dividing the answer for 30 days by 10. Subtract the interest for 3 days from the interest for 30 days to find the interest for 27 days.

$$\begin{array}{r} 60 - 9.07 \times 76 \\ 30 - 4.5388 \\ \hline 3 - .4538 \\ 27 - 4.0850 \end{array}$$

(d) Find the interest on \$1,235.75 for 61 days at 6%.

Explanation: Point off 2 places to find the interest for 60 days, divide by 60 to find the interest for 1 day. To divide by 60, divide by 6 but instead of placing the first figure of the quotient under the 2, put it one place to the right under the 3. Add the interest for 60 days and the interest for 1 day to discover the interest for 61 days.

$$\begin{array}{r} 60 - 12.35 \times 75 \\ 1 - .20 \ 59 \\ \hline 61 - 12.56 \ 34 \end{array}$$

Problem to Be Solved by Beginning with the Interest for 600 Days:

(a) Find the interest on \$750 for 99 days at 6%.

Explanation: Find the interest for 600 days by pointing off 1 place in the principal. Divide the interest for 600 days by 6 to find the interest for 100 days. Move the figures of the answer for 100 days 2 places to the right to find the interest for 1 day. Subtract the interest for one day from the interest for 100 days.

$$\begin{array}{r} 600 - 75.0 \\ 100 - 12.50 \\ 1 - .125 \\ \hline 99 - 12.375 \end{array}$$

When the 3d and 4th decimal places of an answer are 49, it is necessary to see that fractions are carried out accurately in order to be sure of the fraction of a cent.

All of the work of an interest problem should be set down in a column as shown in the example above. Interest may be found for any number of days by multiplying numbers already obtained by 2, 3, 4, 6, 7, 8, or 10; dividing by 2, 3, 4, 6, 10, or 12; or by adding or subtracting amounts obtained by making such multiplications or divisions. To find the interest for 1, 2, or 3 days it is best sometimes to divide the answer for 60 days by 60, 30, or 20; but to do this, divide by 6, 3, or 2, and instead of placing the result straight under the number divided, place it one figure to the right of that position. Moving the figures one place to the right, when points are kept in a straight column, divides the number by 10. Dividing by 6 and by 10 divides by 60. Dividing by 3 and 10 divides by 30. Dividing by 2 and 10 divides by 20.

PRACTICE EXERCISE 15

As it is never necessary to multiply or divide by a number larger than 12 in doing the work of an interest problem, there should never be any side figuring.

Find the total interest at 6% on:

1	2	3
\$640 for 12 days	\$680 for 100 days	\$650 for 112 days
350 for 74 days	590 for 32 days	835 for 38 days
250 for 78 days	850 for 11 days	575 for 31 days
580 for 3 days	650 for 18 days	225 for 2 days
730 for 54 days	195 for 44 days	560 for 300 days

4

\$925 for 85 days
 830 for 22 days
 620 for 68 days
 350 for 39 days
 825 for 92 days

7

\$640 for 121 days
 350 for 73 days
 580 for 31 days
 250 for 28 days
 730 for 14 days

10

\$950 for 112 days
 750 for 18 days
 185 for 44 days
 670 for 112 days
 835 for 48 days

13

\$275 for 38 days
 825 for 49 days
 750 for 8 days
 325 for 100 days
 450 for 9 days

16

\$925.32 for 18 days
 255.75 for 89 days
 316.80 for 190 days
 720.15 for 5 days
 264.36 for 148 days

5

\$645 for 200 days
 540 for 29 days
 475 for 45 days
 950 for 111 days
 735 for 28 days

8

\$644 for 600 days
 590 for 32 days
 850 for 11 days
 830 for 22 days
 620 for 68 days

11

\$575 for 32 days
 255 for 27 days
 560 for 302 days
 925 for 85 days
 735 for 28 days

14

\$350.25 for 38 days
 725.50 for 49 days
 365.28 for 200 days
 125.75 for 116 days
 375.48 for 50 days

17

\$635.50 for 150 days
 142.74 for 4 days
 886.35 for 158 days
 17.25 for 2 days
 635.75 for 83 days

6

\$250 for 34 days
 826 for 40 days
 724 for 46 days
 924 for 20 days
 538 for 83 days

9

\$350 for 39 days
 825 for 94 days
 665 for 200 days
 540 for 29 days
 755 for 45 days

12

\$280 for 34 days
 836 for 400 days
 824 for 46 days
 925 for 200 days
 588 for 84 days

15

\$832.65 for 99 days
 254.18 for 1 day
 368.75 for 172 days
 583.94 for 240 days
 296.83 for 17 days

18

\$725.30 for 175 days
 335.45 for 19 days
 286.35 for 146 days
 328.75 for 117 days
 286.32 for 24 days

PROMISSORY NOTES

Exact Time. — Find the exact time from August 5 to April 2 of the following year. August has 31 days, therefore after the 5th there are 26 days remaining. Write this number and the number of days in each month to April in order. Then write 2 days for April.

Aug.	26
Sept.	30
Oct.	31
Nov.	30
Dec.	31
Jan.	31
Feb.	28
Mar.	31
Apr.	<u>2</u>
	240

At the beginning of the period you always subtract the figures of the date from the number of days in the month and write the result if there is a remainder. Had this date been Aug. 31, there would have been no remainder to write for August. At the end of the period the day of the month is written as it appears in the date. Had this been Apr. 1, 1 day would have been added for April.

Find the exact time from March 1, 1936, to April 5, 1937.

From March 1 to March 1 is 1 yr., and this added to the number of days from March 1 to April 5 is 1 yr. 35 days.

Mar.	30
Apr.	<u>5</u>
	35 da.

PRACTICE EXERCISE 16

Find the exact time from :

1. January 1 to June 5.
2. March 30 to August 8.
3. September 25 to January 1.
4. January 3 to December 28.
5. October 17 to April 1.
6. May 1 to June 1, the following year.
7. February 28 to July 1.
8. October 7 to September 30, the following year.
9. January 13 to November 28.
10. July 5 to October 1, the following year.

Compound Time. — The time between two dates may be expressed as a Compound Denominate Number or as a number of days. The most commonly used methods of obtaining these results are by compound subtraction and by finding the exact number of days, although variations of these methods are sometimes used. It is frequently necessary to calculate the time between two dates in order to be able to calculate the interest.

Illustration

Find the time from May 7, 1934 to Mar. 4, 1936.

First, write the date to which you wish to count, writing first the year; then the month of the year, counting from the beginning (March is the third month); and finally the day of the month. Under it write the date from which you wish to count, in like manner.

$$\begin{array}{r} 1936 - 3 - 4 \\ 1934 - 5 - 7 \\ \hline 1 - 9 - 27 \end{array}$$

Since 7 days cannot be subtracted from 4 days, borrow 1 month from the 3 months. In compound subtraction, 1 month equals 30 days. Therefore, the "borrowed 30 days" added to the 4 days makes 34 days, and 7 days subtracted from 34 days leaves 27 days.

Having borrowed 1 month from the 3, next subtract 5 months from 2 months, which is impossible. Therefore, borrow 1 year from the 1936. The "borrowed year" (12 months) added to the 2 months makes 14 months, and 5 months subtracted from 14 months leaves 9 months. Since 1 year has been borrowed from 1936, 1934 subtracted from 1935 leaves 1 year.

PRACTICE EXERCISE 17

Find the compound time from :

1. January 25, 1929 to July 4, 1932.
2. August 16, 1930 to June 20, 1933.
3. April 8, 1935 to December 9, 1936.
4. May 29, 1929 to February 1, 1931.
5. June 12, 1933 to November 1, 1935.
6. December 18, 1933 to November 1, 1935.
7. February 28, 1926 to August 31, 1936.
8. November 30, 1935 to March 1, 1938.
9. October 8, 1927 to September 1, 1928.
10. February 29, 1928 to February 28, 1930.

PRACTICE EXERCISE 18

Find the common interest for the compound time on the following at 6% :

1. \$250.00 from Apr. 7, 1933 to June 1, 1934.
2. 375.00 from Mar. 24, 1934 to Jan. 17, 1935.
3. 725.00 from Dec. 30, 1936 to June 5, 1937.
4. 650.00 from June 1, 1935 to Aug. 24, 1936.
5. 275.25 from May 5, 1936 to July 3, 1937.
6. 365.25 from Jan. 17, 1935 to Jan. 11, 1936.

7. \$925.50 from Aug. 4, 1934 to Mar. 1, 1935.
8. 770.00 from Nov. 16, 1936 to May 6, 1937.
9. 850.00 from Feb. 28, 1938 to Apr. 29, 1939.
10. 375.95 from Oct. 19, 1935 to Feb. 14, 1936.

Finding Due Date. — 1. A note is made on February 2 to read “three months after date.” When will it fall due?

Solution

“One month after February 2” is March 2; “two months” is April 2; and “three months” is May 2. This problem should be solved mentally by saying, “March 2, April 2, May 2.” If the number of months is more than 3, it may be advisable to make strokes as the months are named, so that mistakes do not occur.

2. A note is made July 31 to read “two months after date.” When will it fall due?

Solution

Say, “Aug. 31, Sept. 31”; but since there are only 30 days in September, it will fall due Sept. 30.

3. If goods are bought June 5 on an agreement that payment is to be made at the end of 90 days, what is the date of payment?

Solution

First Method. There are 25 days in June after June 5; and 25 from 90 leaves 65 days for the debt to run after June. July has 31 days, which subtracted from 65 days leaves 34 days for the debt to run after July. August has 31 days, which subtracted from 34 leaves 3 days for the debt to run in September, making the due date Sept. 3.

90
June <u>25</u>
65
July <u>31</u>
34
Aug. <u>31</u>
Sept. <u>3</u>

Solution

Second Method. Consider 90 days as 3 periods of 30 days each. Thirty days after June 5 is July 5, since June has 30 days. Thirty days after July 5 is Aug. 4, since July has 31 days. Thirty days after Aug. 4 is Sept. 3, since August has 31 days. If the required number of days is not an even number of times 30 days, find the answer for the nearest number of times 30 and add or subtract the difference to get the required result.

July 5
Aug. 4
Sept. 3

PRACTICE EXERCISE 19

Count forward as follows, proving your work for the number of days by using the two methods of getting each result :

- | | |
|----------------------------------|------------------------------------|
| 1. 3 months from Apr. 1, 1936. | 14. 120 days from Jan. 1, 1937. |
| 2. 2 months from Mar. 25, 1935. | 15. 4 months from Jan. 1, 1937. |
| 3. 60 days from Mar. 25, 1935. | 16. 30 days from Feb. 28, 1936. |
| 4. 75 days from June 15, 1936. | 17. 60 days from Feb. 28, 1937. |
| 5. 3 months from Dec. 24, 1936. | 18. 2 months from Feb. 28, 1937. |
| 6. 90 days from Dec. 24, 1936. | 19. 6 months from July 1, 1935. |
| 7. 4 months from Oct. 18, 1937. | 20. 120 months from Apr. 30, 1936. |
| 8. 120 days from Oct. 18, 1937. | 21. 90 months from June 1, 1936. |
| 9. 85 days from Aug. 1, 1933. | 22. 120 months from May 31, 1937. |
| 10. 6 months from Aug. 30, 1935. | 23. 60 months from Dec. 15, 1936. |
| 11. 45 days from Jan. 15, 1938. | 24. 90 months from Dec. 31, 1936. |
| 12. 90 days from Feb. 7, 1936. | 25. 120 months from July 19, 1937. |
| 13. 3 months from Feb. 7, 1936. | |

PRACTICE EXERCISE 20

Find the exact time and the compound time between the following dates :

1. June 16, 1928 and March 1, 1929.
2. October 1, 1935 and December 1, 1936.
3. April 27, 1932 and October 31, 1932.
4. December 4, 1934 and April 16, 1936.
5. January 19, 1939 and March 1, 1940.
6. July 31, 1929 and November 8, 1929.
7. February 14, 1933 and December 31, 1933.
8. August 30, 1931 and October 1, 1932.
9. May 15, 1936 and August 31, 1936.
10. April 1, 1903 and July 1, 1928.

Rates Other Than 6%. — To find the common interest at rates other than 6%, first find the answer at 6% by the usual method. Then change the answer to the rate desired, as follows :

- Interest at $\frac{1}{2}\%$ equals $\frac{1}{12}$ of the interest at 6%.
- Interest at 1% equals $\frac{1}{6}$ of the interest at 6%.
- Interest at $1\frac{1}{2}\%$ equals $\frac{1}{4}$ of the interest at 6%.
- Interest at 2% equals $\frac{1}{3}$ of the interest at 6%.
- Interest at 3% equals $\frac{1}{2}$ of the interest at 6%.

Interest at 4% equals the interest at 6% minus the interest at 2%.
 Interest at $4\frac{1}{2}\%$ equals the interest at 6% minus the interest at $1\frac{1}{2}\%$.
 Interest at 5% equals the interest at 6% minus the interest at 1%.
 Interest at $5\frac{1}{2}\%$ equals the interest at 6% minus the interest at $\frac{1}{2}\%$.
 Interest at $6\frac{1}{2}\%$ equals the interest at 6% plus the interest at $\frac{1}{2}\%$.
 Interest at 7% equals the interest at 6% plus the interest at 1%.
 Interest at $7\frac{1}{2}\%$ equals the interest at 6% plus the interest at $1\frac{1}{2}\%$.
 Interest at 8% equals the interest at 6% plus the interest at 2%.
 Interest at 9% equals the interest at 6% plus the interest at 3%.
 Interest at 12% equals 2 times the interest at 6%.

Interest at 10% and at other rates not easily found by the methods indicated above, is found by getting the interest at 1% and multiplying by the desired rate.

Solutions

- (a) Find the interest on \$245.75 for 90 days at 7%.

$$\begin{array}{r}
 60 - 2.4575 \\
 30 - 1.2287 \\
 \hline
 90 - 3.6862, \text{ interest at } 6\% \text{ for } 90 \text{ days} \\
 .6143, \text{ interest at } 1\% \text{ for } 90 \text{ days} \\
 \hline
 4.3005, \text{ interest at } 7\% \text{ for } 90 \text{ days}
 \end{array}$$

- (b) Find the interest on \$250 for 50 days at $4\frac{1}{2}\%$.

$$\begin{array}{r}
 60 - 2.50 \\
 10 - .4166 \\
 \hline
 50 - 2.0834, \text{ interest at } 6\% \text{ for } 50 \text{ days} \\
 .5208, \text{ interest at } 1\frac{1}{2}\% \text{ for } 50 \text{ days} \\
 \hline
 1.5626, \text{ interest at } 4\frac{1}{2}\% \text{ for } 50 \text{ days}
 \end{array}$$

PRACTICE EXERCISE 21

Find the common interest for the exact number of days on the following:

- \$275.00 from May 17 to June 29 at 7%.
- 345.75 from Apr. 9 to Dec. 1 at 4%.
- 625.15 from June 5 to Oct. 5 at 10%.
- 375.25 from Jan. 1 to May 15 at $5\frac{1}{2}\%$.
- 724.45 from Aug. 31 to Dec. 16 at $7\frac{1}{2}\%$.
- 425.75 from May 4 to Sept. 27 at 3%.
- 247.50 from Feb. 1, 1935 to July 1, 1935 at $4\frac{1}{2}\%$.
- 480.00 from Nov. 5, 1935 to Mar. 1, 1936 at 8%.
- 500.00 from Oct. 1, 1936 to Dec. 31, 1936 at 5%.
- 500.00 from Dec. 7, 1935 to Apr. 1, 1936 at $3\frac{1}{2}\%$.

BANK DISCOUNT

A banker will give for a note, interest-bearing or noninterest-bearing, what he can collect when the note comes due, less discount (interest) on that amount for the number of days he must keep the note. If a banker knows that he will have extra expense in collecting a note, he will deduct that amount in addition to the discount.

Bank Discount on Notes That Do Not Bear Interest. — Suppose that on April 5, 19— you sold John Brown a bill of goods amounting to \$245.75, and that in payment he gave you a promissory note like the following :

\$ <u>245⁷⁵</u>	DENVER, COLO., <u>April 5, 19—</u>
<u>Sixty days</u> after date <u>1</u>	promise to pay to
the order of <u>A. Student</u>	
<u>Two hundred forty-five⁷⁵/₁₀₀</u>	Dollars
At <u>Denver Trust Co</u>	
Value received, _____	
No. <u>12</u> Due <u>June 4, 19—</u>	<u>John Brown</u>

You own this note and can sell it to anyone who wishes to buy it. Suppose that on May 1 you need money; you take the note to your banker and tell him that you want to discount it, or in other words, want to sell it to him.

The banker proceeds as follows :

(a) He knows that you are reliable, and that John Brown is reasonably sure to pay the note when it falls due.

60	May 30
25 Apr.	June 4
35	34

(b) He figures the number of days he must keep the note (May 1 to June 4) before he can collect the \$245.75 from Brown, to be 34 days.

31 May	31 May
4 June	4 June

(c) He finds the interest on \$245.75 for 34 days to be \$1.39. This interest is called *bank discount* and in this problem it is calculated at 6%.

60 — 2.4575	245.75
30 — 1.2287	1.39
3 — .1228	244.36

He subtracts the \$1.39 from \$245.75 to find the amount he will give you for the note. The amount that a banker pays for a note is called the *proceeds*.

1 — .0409	1 — .0409
34 — 1.3924	34 — 1.3924

The banker who buys the above note pays \$244.36 for it ; and when it comes due, he collects \$245.75 from John Brown. By the transaction he makes a profit of \$1.39. You, instead of the banker, have the use of the money during the 34 days, and you were willing to pay \$1.39 for the use of it.

PRACTICE EXERCISE 22

1. From the given facts about notes (1), (2), and (3) below, write the notes, using fictitious names and the current year.
2. Find the proceeds of each of the following notes discounted at 6% :

<i>No.</i>	<i>Date</i>	<i>Face</i>	<i>Time</i>	<i>When Discounted</i>
1.	Apr. 20	\$1,000.00	90 da.	June 1
2.	Dec. 5	275.00	30 da.	Jan. 1
3.	June 1	350.00	60 da.	June 30
4.	Mar. 8	800.00	120 da.	May 25
5.	Jan. 31	750.00	10 da.	Feb. 1
6.	Oct. 7	2,400.00	100 da.	Jan. 1
7.	Aug. 15	1,500.00	75 da.	Aug. 31
8.	Nov. 11	425.75	90 da.	Dec. 15
9.	Jan. 3	625.00	20 da.	Jan. 5
10.	May 1	700.00	3 mo.	June 14
11.	July 7	125.00	2 mo.	Aug. 30
12.	Feb. 4	600.00	1 mo.	Feb. 4
13.	Sept. 1	275.25	4 mo.	Dec. 1
14.	June 8	835.65	3 mo.	July 7
15.	Mar. 30	245.32	90 da.	Apr. 1
16.	Apr. 30	742.60	60 da.	May 15
17.	Aug. 5	375.85	30 da.	Aug. 5
18.	Dec. 31	825.15	2 mo.	Jan. 31
19.	Oct. 31	200.00	1 mo.	Nov. 14
20.	July 1	325.75	45 da.	Aug. 1

Bank Discount on Interest-Bearing Notes. — Many promissory notes are made interest-bearing; that is, the maker of the note promises to pay interest in addition to the face.

\$ <u>750⁰⁰</u>	CHICAGO, ILL., <u>June 5,</u> 19
<u>Three months</u> after date <u>we</u> promise to pay to	
the order of <u>A Student</u>	
<u>Seven hundred and fifty⁰⁰</u> Dollars	
Payable at <u>Traders Trust Co</u>	
Value received, with interest at <u>5%</u>	
No. <u>10</u>	Due <u>Sept 5 19</u> <u>Henry Wood & Sons</u> <u>By H. W.</u>

If on August 1 you had discounted the above note at a bank charging 6% discount, you would have proceeded as follows:

1. Figured the interest on \$750.00 at 5% to be \$9.38, as shown below.
2. Added the interest, \$9.38, to the face to find the amount collected when the note came due, which was \$759.38.
3. Found the due date to be Sept. 5, by counting forward mentally.
4. Found the term of discount (the number of days the banker must keep the note) to be 35 days.
5. Figured the discount on the amount to be collected when the note came due, \$759.38, for 35 days at 6% to be \$4.43.
6. Subtracted the discount from the amount to be collected to find the proceeds of the note, \$754.95.

2 mo. —	7.50	Aug. 30	60 —	7.5938	759.38
1 mo. —	3.75	Sept. 5	30 —	3.7969	4.43
3 mo. —	11.25	35	5 —	.6328	754.95
	1.875 — 1%		35 —	4.4297	
	9.375 — 5%				
	750.				
	759.38				

Interest is found for months or days according to the wording of the note, but discount is found for the exact number of days.

The methods of calculating time given in this book are the ones most commonly used in discounting notes, but in some places there are slight variations that can be easily learned by a person who knows the customary methods.

PRACTICE EXERCISE 23

1. From the following facts about notes, write the first three, using fictitious names and the current year.

2. Find the proceeds of each note described below :

<i>No.</i>	<i>Date</i>	<i>Face</i>	<i>Time</i>	<i>Interest Rate</i>	<i>When Discounted</i>	<i>Discount Rate</i>
1.	Mar. 15	\$2,000.00	2 mo.	6%	Apr. 1	6%
2.	June 1	800.00	1 mo.	6%	June 5	6%
3.	Aug. 5	600.00	60 da.	6%	Sept. 15	6%
4.	Dec. 7	275.00	90 da.	6%	Feb. 1	6%
5.	July 24	372.50	30 da.	5%	Aug. 1	6%
6.	May 12	750.00	120 da.	7%	June 30	6%
7.	Nov. 4	1,000.00	45 da.	6%	Nov. 20	7%
8.	Apr. 28	1,475.00	3 mo.	4%	May 28	5%
9.	Jan. 16	85.00	4 mo.	7%	Apr. 1	6%
10.	Oct. 18	250.00	90 da.	6%	Oct. 31	7%

COMMON WEIGHTS AND MEASURES

To be able to buy intelligently the things that are needed in every home and to make some other calculations that may be wanted at any time, everyone should know the following tables :

(Learn the spelling of all abbreviations as well as the tables.)

Avoirdupois Weight

16 ounces (oz.)	= 1 pound (lb.)
100 pounds	= 1 hundredweight (cwt.)
20 hundredweight	= 1 short ton (t.)
2,240 pounds	= 1 long ton (t.)

Avoirdupois scales are used by grocers, butchers, coaldealers, and others handling the ordinary commodities of trade.

Liquid Measure

4 gills (gi.)	= 1 pint (pt.)
2 pints	= 1 quart (qt.)
4 quarts	= 1 gallon (gal.)

Dry Measure

2 pints (pt.)	= 1 quart (qt.)
8 quarts	= 1 peck (pk.)
4 pecks	= 1 bushel (bu.)

When recording measurements in feet and inches, 2 feet 4 inches is usually written 2' 4". The measurement of a table 3 feet by 4 feet is written 3' × 4'. 22" × 38" means 22 inches by 38 inches.

Square Measure

144 square inches (sq. in.)	= 1 square foot (sq. ft.)
9 square feet	= 1 square yard (sq. yd.)
$30\frac{1}{4}$ square yards	= 1 square rod (sq. rd.)
160 square rods	= 1 acre (A.)
640 acres	= 1 square mile (sq. mi.)

Linear Measure

12 inches (in.)	= 1 foot (ft.)
3 feet	= 1 yard (yd.)
$5\frac{1}{2}$ yards	= 1 rod (rd.)
320 rods	= 1 mile (mi.)

Cubic Measure

1728 cubic inches (cu. in.)	= 1 cubic foot (cu. ft.)
27 cubic feet	= 1 cubic yard (cu. yd.)

Measure of Time*(Accurate)**(Approximate)*

60 seconds (sec.)	= 1 minute (min.)
60 minutes	= 1 hour (hr.)
24 hours	= 1 day (da.)
7 days	= 1 week (wk.)
365 days	= 1 common year (yr.)
366 days	= 1 leap year
12 months (mo.)	= 1 year
100 years	= 1 century

30 days = 1 month
 360 days = 1 year
 52 weeks = 1 year

The approximate figures above are used in business for the sake of convenience where custom or an agreement between the parties makes it legal to do so.

Months of the Year

January (Jan.)	31 days	July	31 days
February (Feb.)	28 days in common year, 29 in leap year	August (Aug.)	31 days
March (Mar.)	31 days	September (Sept.)	30 days
April (Apr.)	30 days	October (Oct.)	31 days
May	31 days	November (Nov.)	30 days
June	30 days	December (Dec.)	31 days

PRACTICE EXERCISE 24

Explain fully in good English how the results are obtained for the following problems :

1. What will 2 gallons of milk cost at 20¢ a quart?
2. If a grocer sells potatoes by weight, a bushel weighing 60 lb., how many pounds should you get if you buy a half peck? 2 quarts? 1 peck?
3. How many quart boxes of berries are there in a crate containing 1 bushel?
4. If a grocer buys a crate of strawberries containing a bushel for \$6 and sells them at 25¢ a box, how much does he gain? What is the result if 10 boxes spoil before they can be sold?
5. You ask your grocer to give you about $\frac{1}{2}$ pound of cheese at 32¢ a pound. How much should he charge you if he cuts it exactly as requested? How much if he cuts 9 ounces? 7 ounces? 10 ounces?
6. How many quart bottles can be filled from a 10-gallon can of milk if no allowance is made for waste?
7. How many half-pint bottles of cream can be filled from a 10-gallon can if an allowance of 1 bottle is made for waste in filling?
8. Which is cheapest, to buy apples at \$2 a bushel if 8 quarts spoil before they can be used; to buy them at $\frac{1}{4}$ peck for 20¢, when needed; or to buy them when needed at the rate of 2 pounds for 15¢? (50 lb. = 1 bu.) How do the last two prices compare?
9. You have a table 25" \times 42" that you wish to cover. If the material can be bought in widths of $\frac{3}{4}$ yard, 1 yard, and $1\frac{1}{2}$ yards, which will you buy and how much, if the clerk will cut to the nearest $\frac{1}{4}$ yard in length? If you wish to bind it around the edges with a tape, how much will you buy if you cannot buy a fraction of a yard?
10. A man in an automobile goes 16 miles in 40 minutes. At what rate per hour is he traveling?

COMMISSION

Methods of Paying Agents. — Instead of receiving a salary or a fixed sum for work done, persons are sometimes paid a per cent of the number of dollars' worth of business done. Pay fixed in this manner is called commission or brokerage. For example, a salesman may receive 5% of the selling price of the goods sold; a buyer may receive 5% of the cost of what he buys; a collector may receive 5% of the money he collects; etc. Sometimes an agent is paid a salary and a commission.

In every large city there are merchants who receive goods that are shipped to them to be sold on commission. They sell the goods, take out a per cent of

the selling price for their commission, and return the balance to the owner of the goods. This balance is called the *net proceeds* of the sale. Persons conducting a business of this kind are called *commission merchants*.

A merchant in Baltimore shipped 500 crates of strawberries to a merchant in Boston to be sold on commission. If the charge for selling was 3%, and the berries were sold at \$6 a crate, how much did the Baltimore merchant receive as net proceeds?

	Solution	
	500	3,000
	<u>6</u>	<u>90</u>
	3,000	2,910
	<u>.03</u>	
	90.00	

The selling price is 500 times \$6, or \$3,000. The commission is 3% of \$3,000, or \$90. The proceeds are \$3,000 - \$90 = \$2,910.

PRACTICE EXERCISE 25

1. A commission merchant receives 2,500 bushels of potatoes to be sold on commission. He sells 1,450 bushels at 95¢ and the remainder at 97¢ per bushel. He charges 4% for selling. How much commission does he receive, and how much does he remit to the shipper as net proceeds, after deducting \$45.25 for freight that he paid on the potatoes?

2. A tobacco buyer goes to Kentucky and buys for his employer on a commission of 3%. If the tobacco is billed at \$12,475.25, how much commission does the buyer receive, and what is the total cost of the tobacco to the employer if he pays \$65.25 freight to have it shipped?

3. A lawyer collects a doubtful debt of \$247.50 on a commission of 5%. How much commission does he receive and how much does he send to his client?

4. A book agent sells a set of books at \$17.25 on a commission of 25%. How much does he receive for selling one set and how much does he receive for a month's work if he sells 35 sets?

CASH DISCOUNT

Terms. — Cash discounts are allowed for prompt payment. Businessmen know that if they sell goods regularly on 90 days' time, there will be more losses from bad debts than there will be if they sell for cash, or on 10 days' time. Therefore, the *terms of payment* are frequently stated as 2/10, 1/30, N/60. By 2/10 it is meant that a discount of 2% will be allowed on the bill of goods if paid within 10 days; 1/30 means that a discount of 1% will be allowed if paid within 30 days; and N/60 means "net 60 days," that is, at the end of 60 days the bill will be due as it stands. "Net" means no further deductions to be made.

PRACTICE EXERCISE 26

Each amount stated in the following items is the total amount of a bill of goods. The terms for each bill are given. Find the net amount which will have to be paid on each bill (a) if cash is paid within the first discount period; (b) at the end of the second discount period.

1. \$6.90, terms 2/10, 1/30, N/60.
2. \$589.60, terms 3/5, 1/20, N/30.
3. \$1,897.42, terms 5% cash, 2% 20 days, 40 days net.
4. \$2,196.82, terms 2/5, 1/20, N/30.
5. \$8,796.10, terms 3/10, 1/40, N/60.
6. \$9,843.16, terms 4/cash, 1/30, N/60.
7. \$12,875.20, terms 5/cash, 2/15 days, 30 days net.
8. \$8,432.16, terms 2/10, 1/30, N/90.
9. \$5,450.10, terms 3/10, 1/20, N/40.
10. \$3,246.27, terms 2/10, 1/30, N/60.

PRACTICE EXERCISE 27

Would it be better for the buyer to borrow the money and take advantage of the highest discount in each of the above problems instead of paying at the end of the net period without borrowing? If so, how much?

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